

INTELLECTUAL PROPERTY ROLE OF THE JUDICIARY

The Author

Dr. Sudhir Ravindran is a Patent Attorney and CEO of ALTACIT GLOBAL – Strategic Consultants for Intellectual Property & Franchise. A graduate Mechanical Engineer from the University of Madras, India, Masters in Manufacturing Systems Engineering from the Warwick Manufacturing Group, UK and a Masters in Law from the School of Law, University of Warwick in International Economic Law. He can be reached at info@altacit.com.

Intellectual Property (IP) law protects some of the finer manifestations of human achievement. IP has gained much significance in recent times. This is because IP is a major asset for individuals and corporations. Globalisation increased the interactions between countries that resulted in the exposure of IP. Due to the lower levels or at times the lack of intellectual property protection and difference in various national legislations, developed countries were losing out on their IP and were looking for an effective enforcement tool. During the Uruguay Round of negotiations of General Agreement on Tariffs & Trade (GATT), which began in 1983 developed countries managed for the first time to link trade and intellectual property.

One of the main results of the Uruguay Round negotiations that concluded in 1994, with the establishment of the World Trade Organization was the Trade Related Intellectual Property Rights (TRIPs). The TRIPs Agreement was the most far-reaching international instrument ever negotiated on intellectual property rights. India, which is also a member of the TRIPs bound by this commitment, has made substantial changes to its IP laws.

Altacit Global

Dr. Sudhir Ravindran
info@altacit.com



India with its excellent educational infrastructure has a reservoir of scientific & artistic talent. The exploitation of the same during Information Technology Revolution resulted in substantial economic gains. IP laws are driving force in the protection of these new knowledge and ideas.

The answer to the question as to whether the judiciary should have in-depth knowledge of IP is best illustrated in the below stated two quotes:

*“The Courts... decisions often shape the course of our nations life...”*¹ The same was said by the leading international jurist **Archibald Cox** in his book *The Court and the Constitution*. The role of an independent judiciary is one of the democratic pillars of our Indian constitution. The judiciary decisions sets precedence and therefore it is important that the judiciary be acquainted with the laws and its implications. Thus it is imperative that the judiciary have in-depth knowledge of IP.

*“Mankind constantly progresses in culture... Only when based on this foundation can the requirement of the law be recognised as the requirements of the advancing culture which law is to serve; and only in this way can the true aim of the law be known for what it is”*² Sir C.K. Allen in his book “Law in the Making” states the need for the judiciary to lay a strong foundation. This foundation can be achieved in the field of IP by the judiciary having in-depth knowledge of IP.

The judiciary plays two distinct roles in relation to IP:

¹ *The Court and the Constitution* - **Archibald Cox**, Houghton Mifflin Co; (August 1987)

² *Law In the Making* - **Sir C.K. Allen**, 7th Edn., 1964

Altacit Global

Creative Enclave, III Floor, 148-150, Luz Church Road, Mylapore, Chennai – 600004.
Tel. 044 24984821 Tele-Fax: 044 42104341 Email info@altacit.com, Website www.altacit.com

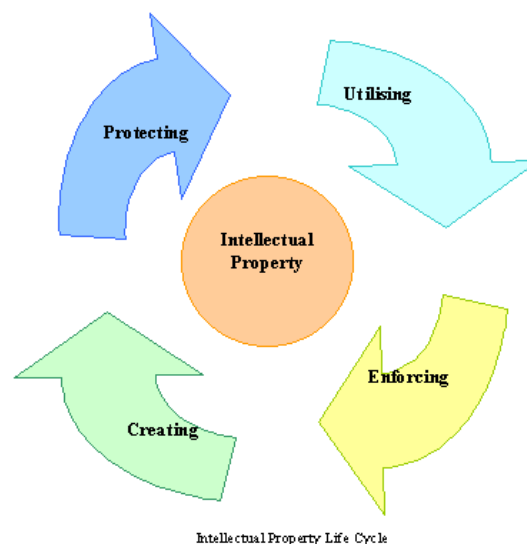
1. Interpretation of the various IP Statutes.
2. Adjudication of IP Matters.

1. Interpretation of the various of IP Statutes.

India under its commitment under the TRIPs has introduced many IP legislations to modernise its age-old IP legislations in order to be in harmony with the international laws. These new laws bring about a lot changes in the existing IP laws and in certain instances totally new legislations have been put in place³. These new laws modifying existing provisions or introducing new provisions have been rushed through without weighing the long-term implications of such legislations. The judiciary would have an important role in interpreting these new laws if any conflicts arise with other existing statutes.

2. Adjudication of IP Matters.

To comprehend the role of the judiciary in relation to adjudication of IP matters we have to look into the genesis of IP and the life cycle of IP.



³ The GEOGRAPHICAL INDICATIONS OF GOODS (Registration & Protection) Act, 1999: A new act to provide for the registration and better protection of geographical indications relating to goods.

Dr. Sudhir Ravindran
info@altacit.com

The four stages of the life cycle as illustrated are:

- (1) Creating the intellectual property,
- (2) Protecting the intellectual property,
- (3) Utilising the intellectual property and
- (4) Enforcing the intellectual property.

The judiciary has an important role to play in each of the four stages in the IP life cycle.

Role of Judiciary in Creating IP

The judiciary actively contributes in the first state by enforcing Contractual Obligations arising out of contracts dealing with IP. It is important to note that the Article 300-A⁴ of the Constitution of India guarantees that no person shall be deprived of property, which in relevance to IP ensure the right of the inventor/author over his or her invention/work. All such contractual agreements that deal with the transfer of IP are also governed under the Indian Contracts Act. Disputes often arise over the ownership of IP.

Role of Judiciary in Protecting IP

The second step in the IP Life cycle is the protection of IP that is created. There are different forms of IP Protection available in India:

Patent

Designs

Trade & Service Mark & Company Names

⁴ Constitution of India Article 300-A: Persons not to be deprived of property save by authority of law, which is often linked to Article 21 – Right to life & liberty.

Dr. Sudhir Ravindran

info@altacit.com

Copyright

Plant varieties & Plant breeder's rights

Trade Secrets

Geographical Indications

Role of the Judiciary in Protecting IP

All the above listed forms of IP protection are implemented by means of respective Statutes like the Indian Patents Act, The Indian Trade & Merchandise Act etc. These Statutes that protect the individual IP tools have established Quasi-Judicial Authorities & Bodies like the:

Controller of Patents & Designs

Registrar of Trademarks & the Trademarks Appellate Board

Registrar of Copyrights & the Copyright Board

All these officers are conferred with various statutory powers for the discharge of their functions. In respect of certain matters they have the powers of a Civil Court besides vast discretionary powers conferred by the specific Acts.

Appeal lies against any order or decision of the Registrar/Controller to the respective Appellate Boards. In case of failure on the part of the authorities in discharging their duties or any arbitrary decisions in excess of their powers, judicial remedies can be sought.

Altacit Global

Creative Enclave, III Floor, 148-150, Luz Church Road, Mylapore, Chennai – 600004.
Tel. 044 24984821 Tele-Fax: 044 42104341 Email info@altacit.com, Website www.altacit.com

Dr. Sudhir Ravindran
info@altacit.com



The judiciary before entertaining any matter in this regard it must be ensured that the appellant/plaintiff has fully exhausted other available statutory remedies as provided in the respective Acts before approaching the Court.

Role of the Judiciary in Utilising IP

The third stage in the IP Life Cycle that is Utilising and strategically exploiting IP may involve licensing and cross-licensing arrangements, assignments, transfer of property etc. Legal implications arise out of such instances. Provision of statutes like the Indian Contracts Act, Indian Stamp Act, Transfer of Property Act etc. are applicable to the licensing arrangements. The courts role in this regard also relates to the disputes arising of IP Contracts.

Compulsory Licences

The Indian Patent Act provides for remedies against the abuse of the monopoly rights granted under a patent. Three types of compulsory licences are:

1. Licence to work a patented invention
2. Licence in respect of a patent without the use of which another patent cannot be worked.
3. Licence in respect of certain patent or classes of patent

Altacit Global

Creative Enclave, III Floor, 148-150, Luz Church Road, Mylapore, Chennai – 600004.
Tel. 044 24984821 Tele-Fax: 044 42104341 Email info@altacit.com, Website www.altacit.com

In spite of the grant of a compulsory licence if the reasonable requirement of the public remains unsatisfied or that the patented invention is not available to the public at a reasonable price, the Controller of Patents may revoke the patent. Compulsory Licences are also available for copyright under the Section #2 A of The Copyright Act to reproduce and publish works at a reasonable price. All such decisions by the quasi judicial authorities can be appealed in courts.

Role of the Judiciary in Enforcing IP

The fourth stage, enforcing the intellectual property, is the most important stage in the lifeline of an intellectual property. This stage prevents others from unauthorized utilisation and exploitation of protected intellectual property for the duration of the protection. Misappropriation & Infringement of Intellectual Property is a crime and the Statutes governing IP list out as what constitutes and infringement, some of the same are listed below:

Copyright Infringements

I. Definition of infringement (Section 51 of The Copyright Act)

Copyright of any work is deemed to be infringed:

- a. When any person without licence from the owner of the copyright, or the Registrar of Copyright, or in contravention of the conditions of a licence granted or any conditions imposed by a competent authority under the Act:
 - i. Does anything, the exclusive right to which is conferred upon the owner of the copyright or

Altacit Global

ii. Permits for profit any place to be used for the communication of the work to the public where such communication constitutes an infringement of the copyright in the work, unless he was not aware and had no reasonable ground for believing that such communication to the public would be an infringement of copyright, or

b. Where a person:

- i. Makes infringing copies for sale or hire or selling or letting them for hire.
- ii. Permits any place for the performance of works in public where such performance constitutes infringement of copyright.
- iii. Distributes infringing copies for the purpose of trade or to such an extent so as to affect prejudicially the interest of the owner of copyright
- iv. Importation of infringing copies into India.

II. Infringing copy – definition (Sec 2m of The Copyright Act)

Infringing copy means

- a. In relation to literary, dramatic, musical or artistic works, a reproduction thereof otherwise than in the form of a cinematograph film.
- b. In relation to a cinematograph film, a copy of the film or a record embodying the recording of any part of the sound track associated with the film.
- c. In relation to a record, any such record embodying the same recording.
- d. In relation to a programme in which a broadcast reproduction right subsists, a record recording the programme.

Altacit Global

III. Essential Ingredients of Infringement

- a. Reproduction of the work in a material form.
- b. Publication of the work
- c. Communication of the work to the public.
- d. Performance of the work in public
- e. Making of adaptations and translations of the work and doing any of the above work acts in relation to a substantial part of the work.

Trademark Infringements (Sec 29 (1) of the Trademarks Act)

- i. The mark used by the person must be either identical with or deceptively similar to the registered trademark.
- ii. The goods in respect of which it is used must be specifically covered by registration.
- iii. The use made of the mark must be in the course of trade in areas covered by the registration.
- iv. The use must be in such a manner as to render it likely to be taken as being use as a trademark.

Passing off action arises in cases of an unregistered trademark.

Patent Infringement

Infringement of a patent is the violation of the monopoly rights conferred by the grant. The rights conferred by the patent are the exclusive right to mark, use, exercise, sell or distribute the invention in India.

Altacit Global

Infringement of copyright in a design (Sec 22 (1))

- i. To apply or cause to apply the registered design to any class of goods covered by the registration the design or any fraudulent or obvious imitation thereof.
- ii. To import for the purpose of sale any article belonging to the class in which the design has been registered and to which the design or a fraudulent or obvious imitation thereof has been applied.
- iii. To publish or expose or cause to be published or exposed for sale any article of the class in question to which the design or a fraudulent or obvious imitation thereof has been applied.

Principles/Tests of Infringement of Intellectual Property

Courts follow certain principles/tests to ascertain the alleged infringement. These tests have evolved from preceding case and principles put forth by eminent jurists.

- ♣ Principles relating to copyright infringement were set out by the Supreme Court in the R.G. Anand vs Delux Films case after considering a number of English, Indian and American authorities. (Full text given)
- ♣ Sections 27 & 29 of The Trademarks Act substantially deal with the infringement of trademarks.

Altacit Global

- ♣ The task of a judge is to look at the two articles (i.e. the registered and the infringing article), to observe their similarity and differences, to see them together and separately, and to bear in mind that in the end the question whether or not the design of the defendants' article is substantially different from that of the plaintiff is to be answered by consideration of the respective designs as a whole, and viewed through the eyes of the consumer or customer, Common trade usage and trade variants and the degree of novelty in the registered design must be considered. The statement of novelty in the registered design and the state of knowledge at the date of registration must be taken into account. A difference in scale cannot be regarded as evidence of dissimilarity of design.

- ♣ In patent infringement proceedings the onus of establishing infringement is on the plaintiff. In order to constitute infringement the defendant must be shown to have taken the invention claimed in substance. As to what real substance of the invention, whether it be a combination or a process must be decided on the evidence. Inducement to infringe (Contributory Infringement) is also an offence. A suit for infringement can be instituted only after the grant of the patent.

Remedies for Infringement of Intellectual Property

The judiciary should ensure that the remedies for intellectual property infringement consists of should sufficient punishment so as to cause deterrence of wrongful activity. Deterrence is crucial since violations of intellectual property rights often involve no loss of tangible assets and do not

Altacit Global

even require any direct contact with the rights holder, the rights holder often does not know it is a victim until a defendant's activities are specifically identified and investigated.

While an IP issues is brought before a court, there arises some jurisdictional issues relating to the initiating of suits for infringement of IP:

- ↻ In respect of an action for infringement of patents a suit may be instituted in any district court or a High Court having jurisdiction, the cause of action must have arisen in a place within the jurisdiction of the court where the suit is filed.
- ↻ No court inferior to that of a Sessions Judge, Presidency Magistrate or Magistrate of the First Class has power to try an offence relating to trademark or false trade description.
- ↻ A suit proceeding relating to infringement of copyright should be instituted in the District Court or High Court within whose jurisdiction the plaintiff resides or carries on business irrespective of the place or residence or place of business of the defendant. The court within whose jurisdiction the case of action has arisen has also jurisdiction to entertain the suit in respect of copyright matters.
- ↻ The provisions of The Civil Procedure Code, Limitation Act, Evidence Act etc shall apply to all matters relating to IP infringements.

Altacit Global

The remedies for misappropriation of IP granted by the Judiciary can be in the forms of

1. Civil Remedies
2. Criminal Remedies

Civil Remedies

1. Injunction - Spring Board Doctrine
 - a. Interlocutory or interim
 - b. Permanent or Final
 - c. Injunction against threats.
2. Anton Pillar Orders or Ex Parte Orders
3. Orders for deliver-up/surrender or seize and destroy
4. Certificate of Validity in relation to a patent.
5. Damages:
 - a. **Lost Profits** - ***Panduit*** test (*Panduit Corp. v. Stahl Bros. Fibre Works, Inc*), four factors to establish lost profits:
 - i. A demand for the products;
 - ii. An absence of acceptable non-infringing substitutes;
 - iii. That the plaintiff possessed the manufacturing and marketing capabilities to exploit the demand;
 - iv. The amount of profit the plaintiff would have made had the infringement not occurred.

Altacit Global

- b. **Reasonable Royalty** - The landmark *Georgia-Pacific Corp. v. U.S. Plywood-Champion Papers* case listed 15 factors representing the guidelines provided by the court for determining what would be a reasonable royalty based upon a hypothetical negotiation following a finding of an infringement in that case.
- c. **Supplemental Damage Theories** - "Entire Market Value Rule" in order to fully compensate for loss due to infringement. A number of supplemental damage theories have emerged under the Entire Market Value Rule. Recognized examples of supplemental damage theory claims include:
 - i. Price erosion;
 - ii. Convoyed sales - Lost Profits on Sales of Unpatented Items
 - iii. Accelerated market entry damages.
- d. **Enhanced Damages** - Awarded as a form of deterrence.
- e. **Prejudgment Interest** – Awarded to fully compensate the patentee.
- f. **Cost for the suit**

Criminal Remedies - Imprisonment (Under sections 63-67 of The Copyright Act)

Civil & Criminal Remedies are distinct and independent and can be availed simultaneously.

When a court has to form an opinion upon a point crucial to a case and pertaining to technology or art the opinion of that of an expert can be sought by the court under Section 45 of the Indian Evidence Act. Further it should be noted that the provisions of The Arbitration & Conciliation Act are also applicable to all IP disputes.

Altacit Global

Creative Enclave, III Floor, 148-150, Luz Church Road, Mylapore, Chennai – 600004.
Tel. 044 24984821 Tele-Fax: 044 42104341 Email info@altacit.com, Website www.altacit.com