

EDITORIAL

The field of modern intellectual property lawmaking is one which is an odd confluence of restrictive public international law instruments and obligations coupled with national theoretical commitments that often depart radically from these norms. As a consequence, where public international law permits (knowingly or otherwise), national legislatures (especially those in developing nations) tend to honour these commitments even if they are opposed to the spirit of international law governing the field. The result is a constant stream of controversies in the field of intellectual property, which stem from the differences between international norms and national hesitation to apply them and are buttressed by developmental issues. Pharmaceutical patenting and patients' access to drugs; cross – border IP compliance; fair use / dealing of copyrights and protection of digital intellectual property are but a few of several such controversies which have plagued the field in recent times.

In such a scenario the goal of an uniform global IP regime, far from being realized, has become the source of chronic dispute between nations; usually between developing and developed nations. One *desirable* consequence of these conflicts is the high quality and large volume of academic debate and scholarship that they have generated. It thus becomes imperative that we create fora where such scholarship can be nurtured. This, along with the need for a dedicated Indian IP journal is the objective which motivates the Journal.

The first volume of the Journal generated extremely positive response from contributors as well as readers; this is evidenced by the overwhelming number of articles, essays and comments submitted for the present volume.

This Editorial is divided into three sections. The first section provides a brief overview of some significant developments which have taken place in the field of IP law during 2008 – 2009. The second briefly summarises the contributions to this volume of the Journal, while the third contains our expressions of gratitude to everyone who helped prepare and present the 2009 volume of the Journal.

RECENT DEVELOPMENTS IN INTELLECTUAL PROPERTY LAW: 2008–09

The year 2008 – 09 has seen numerous developments in IP. While it is impossible to cover all these developments in this Editorial, we attempt to cover the high (and low) points of IP development over the past year, with special emphasis on the Indian scenario.

Though the Indian Parliament has not passed any new legislation, it would be incorrect to say that there has been no legislative action with respect

to IP. Simultaneously, it must be noted that courts and the Intellectual Property Appellate Board (IPAB) have been seminal in bringing about major developments in IP law during the year gone by.

In legislative developments, the most significant one would be the proposed amendment to Trade Marks Act, 1999. The Bill, introduced in Parliament on August 23, 2007 essentially proposes the incorporation of the Madrid Protocol into Indian trademark law and thus provides for a regime in which trademark applications are analogous to Patent Cooperation Treaty (PCT) filings.

The proposed introduction of an Optical Disc Law is noteworthy as, if passed, it would be the first government driven initiative in the field of anti – piracy measures. Under the Law a license would be a prerequisite for manufacturing Compact Discs (CD) or Digital Video Discs (DVD). In addition the Law would require a tracking code on each disk in order to make the discs traceable.

India's very own version of the US Bayh – Dole Act, 1980 is also in the pipeline. The Indian version, entitled Public Funded Research and Development (Protection, Utilisation and Regulation of Intellectual Property) Bill 2007, borrows heavily from the US Act and seeks to promote technology transfer by giving universities and research institutions ownership of patents resulting from state funded research.

A draft version of the National Innovation Act, 2008 was released in October 2008 and aims to provide a fillip to public and private innovation and also codifies the law related to confidentiality and trade secrets.

While legislations and policies are merely at the draft stage, developments in other fields of IP such as patent and copyright litigation, geographical indication (GI) and trademark registration have been numerous and concrete.

Patent litigation between auto giants Bajaj and TVS involving the “twin spark plug” technology saw a new chapter in May 2009¹ when the Madras High Court overruled a permanent injunction granted in favour of Bajaj in March 2008². The recent judgment is a welcome one since Bajaj's case was flawed on grounds of novelty (TVS produced no less than three prior patents employing the same technology). It may also be argued that the balance of convenience in the matter was in favour of TVS, though this issue was not a

1 O.S.A. Nos. 91 & 92 of 2008.

2 MIPR 2008 (1) 217.

straightforward one, since both companies had invested heavily on products incorporating the technology and were expecting large profits from the same.

Pharmaceutical patenting was another big issue which was raised time and again before the courts. Interestingly, most of these litigations involved generic major Cipla. The generic manufacturer won successive disputes at the Indian Patent Office (IPO) and the Delhi High Court. The IPO dispute against California based Gilead revolved around the drug *Tamiflu* (considered to be one of the few treatments for viruses such as Swine Flu and Bird Flu). The IPO struck down the patent application on grounds of lack of inventive step based on the requirements of Section 3 (d) (which was also the basis of the *Novartis* case). In addition, the Appellate Bench of the Delhi High Court in April 2009 rejected, pharmaceutical major, Roche's plea of a restraining order against the manufacture of the drug *Tarceva* by Cipla. The drug, manufactured by Roche was priced at three times the cost of the drug marketed by Cipla, hence the Court rejected the plea on the basis of public interest and pricing and because Roche was unable to make out a prima facie case in its favour. Finally, as late as July 2009, the Indian Patent Appellate Board (IPAB) denied a patent to Novartis' *Glivec*. Employing a two – pronged reasoning, the IPAB, in a well reasoned order, held that while the claim was novel and inventive, it still failed to meet the “enhanced efficacy” criteria under section 3 (d). Furthermore, the Board also held that the cost of the drug was such that it was out of reach of the common man and hence denied the patent.

We find a trend emerging in the field of pharmaceutical patent litigation in India; two of the three matters mentioned have been decided in favour of the generic manufacturer, (at least in part) based on the reasoning of public interest and patients' access to medicines. In our opinion, this is another contentious area wherein national commitments and the international patent regime are at odds. The theme is further developed and discussed by Ms. Divya Subramaniam in her article entitled '*Resurrecting Roscoe Pound in Section 3 (d): The Glivec Governance*' and by Ms. Tabasum Wani in her article entitled '*Patients' Access to Pills: Fight between Generic and Brand – name Drugs Continues*'.

Bollywood has been treated to its fair share of copyright issues over the past year. Shah Rukh Khan blockbuster *Om Shanti Om* ran into turbulent waters when Ajay Monga filed a suit in the Bombay High Court claiming that the film was based on a script written by him, entitled *The Silent Movie*. Though the case awaits judgment, it is interesting to note that the Film Writer's Association has found a striking similarity between the first part of the movie and Monga's script. Sony BMG sued Tips for a staggering USD 451, 953 for infringing its copyrights in a tune composed by Wang Lee Hom. The case

*Warner Bros v. Harinder Kohli & Others*³ is an interesting one, wherein the Delhi High Court held that the name “Hari Puttar: A Comedy of Terrors” was not an infringement of the trademark “Harry Potter”. The decision lies on shaky ground since the Court dismissed the petitioner’s plea on grounds of delay in filing, even though it seems obvious to all that the impugned film is attempting to cash in on the immense popularity of the trademark. It is also interesting to note that the Court chose to distinguish between the “cognoscenti” and the “illiterates” stating that since the former was the target audience, they could easily distinguish between the two films. The standard is an inappropriate one to follow considering the fact that the target audience was children below the age of 13 years. In April 2009 Warner Bros issued a public notice in a popular daily warning Bollywood against any attempt to remake its recent film *The Curious Case of Benjamin Button*. In addition, Aamir Khan starrer *Ghajini* was slapped with a suit for interim injunction on the eve of its release. The film, which is allegedly based on the Hollywood film *Memento*, faced trouble from the producer of its Tamil version.

It is extremely interesting to note the recent barrage of cases against Bollywood films and ask after the cause of this sudden upsurge in copyright litigation in India. While it is evident that the internationalisation of Bollywood might be a growing threat to other film industries, let’s face it, Bollywood hasn’t always maintained high standards of originality, so why this sudden surge in litigation? In our opinion this trend, coupled with issues of movie piracy, is a natural corollary of a globalised IP regime and is yet another field of IP law which can expect numerous disputes in the near future.

Copyright Societies were given reason to rejoice due to the decisions rendered in *Entertainment Network v. Super Cassettes Ltd.*⁴ and *PPL v. Hotel Gold Ltd. and Others*⁵. The judgments (the former delivered by the Supreme Court and the latter by the Delhi High Court) provide a purposive interpretation to the Copyright Act, 1957 and employ the principle of agency in order to hold that copyright societies have the right to sue on behalf of their members under Section 34 of the Act.

While these two decisions go a long way in clearing issues about the rights of copyright societies, they leave a vital question unanswered – can such a society sue on behalf of its members if it is not the exclusive holder of the copyright? The Delhi High Court failed to answer the question so we will just have to wait till the issue is raised, in due course, before the courts.

3 2008 (38) PTC 185 (Del).

4 2008 (37) PTC 353 (SC).

5 RFA (OS) No. 57 of 2008.

On the trademark front a couple of significant developments may be noted in the Indian scenario. Firstly, the Indian Trademark Office granted India's first sound mark registration for the *Yahoo!* yodel. This development is extremely significant since it presents an opening for a variety of unconventional marks which were hitherto not recognised in India. The Trademark Office also declared *Ford* to be a well known mark in India. As a consequence, the mark is now protected for use for all classes of products.

The Geographical Indication (GI) sector has been an extremely active sector of Indian IP in the past year. Since the Act came into force, in 2003, this particular field of IP has seen numerous disputes, including disputes over GI related to HIMALAYAN water, Scotch whisky, Basmati etc. While the disputes are numerous and impossible to pen down in this Editorial, we want to note two significant developments in the field over the past year. The first is the sheer number of GIs registered over the past five years since the establishment of the GI Registry. A list from the Department of Industrial Policy and Promotion (DIPP) suggests that a total of 82 GIs have been registered till July 2008 (a more recent report is unavailable). We feel that such a large number of registered GIs, coupled with about 14 new GIs registered between 2008 and 2009, is remarkable. The second development is a failure – we find that the Act, though aimed at reviving and nurturing traditional industries in India, has failed to carry out this objective as is painfully evident from the situation in places such as Kanjeevaram where a GI registration has made little difference to the dying silk industry. Thus, in our opinion, it justifies repetition to note that the GI Act was enacted with an objective of helping traditional industries revive themselves through the medium of exclusivity and monopoly and though the number of items registered is an impressive figure, we feel that Act has yet to fulfil its objective.

In conclusion, it is interesting to note that according to various reports it is estimated that by 2010 the number of trademark filings per year is expected to rise to 150,000 and patent applications are expected to be about 100,000 a year. While most believe that these numbers signify an increased awareness regarding IP and its uses, considering the aforementioned developments, it will be extremely worthwhile to track the division between foreign and Indian applications in order to gauge whether or not India is profiting from the global IP regime. The alternative, a bleak one, is that Indian manufacturers, filmmakers, indigenous industries etc. are merely at the receiving end of globalised IP.

THE CONTRIBUTIONS

In the first article, Prof. Lawrence Lessig puts forward a viable model

to protect property interests in cyberspace. The author envisages the use of code to develop a balance between private and public mechanisms of digital rights protection and then goes onto the worry about the issues which may arise due to private regulation of cyberspace. Lessig first gauges the limits of copyright law and its inability to provide a “perfect” system of protection. Then, turning towards private modes of protection, he takes the example of trusted systems and proceeds to extrapolate the example to show the disastrous impact such a perfect system will have upon the public commons, innovation and creativity. Prof. Lessig concludes by stating that private action alone, though it may provide a perfect system, has to be tempered by public modes of protection in order to keep alive a vibrant public commons and nurture creativity.

Ms. Divya Subramaniam’s article employs Roscoe Pound’s theory of social engineering and its accompanying jural postulates and attempts to juxtapose the same with the Indian patent regime. Subramaniam cogently argues that the Indian patent regime attempts to balance different groups of interests and elucidates the same by examining section 3 (d) of the Patents Act, 1970 and the only judicial exposition on the same - *Novartis AG & Anr. v. Union of India & Others*.⁶ The author questions the yardstick laid down by the Madras High Court as the balancing metaphor and finds it to be a narrow interpretation. Being the only judicial decision on the section, it is likely that the proffered interpretation will be one which is employed in subsequent cases, unless overruled by the Apex Court; the author calls for emphatic steps to prevent the establishment of a static yardstick since, employing Pound’s theory, she reaches the conclusion that a static yardstick is not desirable while balancing different interests. In conclusion, the author makes a case for an ad-hoc interpretation of the section on a case to case basis in order to ensure a fair balancing of interests. It is unfortunate that this article was written prior to the IPAB’s order rejecting the patent application for *Glivec* since the same is a manifestation of Pound’s theory of balancing of interests.

In his case comment on *Viacom International Inc., et al. v. YouTube Inc., et al*⁷, Mr. Arun Mohan puts forward a number of questions which the case is expected to answer about the fate and course of the digital and media industry. While attempting to answer the questions he raises, the author analyses the dispute as well as the law related to the dispute with special emphasis on the safe harbour provisions of the Digital Millennium Copyright Act, 1998 (DMCA). In addition to the DMCA, Mohan also examines a number of cases

⁶ (2007) 4 MLJ 1153.

which are expected to be relevant to the dispute and finally attempts to project the probable legal outcome as well as the commercial repercussions the case might have on the digital media industry.

Mr. Shamnad Basheer and Ms. Mrinalini Kochupillai in their article regarding the exhaustion of patents and parallel imports in India, successfully sketch out the prevailing legal scenario in India and also provide a critical analysis of the lacunae in the same. While distinguishing between national, regional and international patent exhaustion, the authors closely examine sections 48 and 107A(b) of the Patents Act, 1970 – the former grants exclusive importing rights to the patentee while the latter allows for the import of patented products by persons other than the patentee, though conditions are attached. While concluding that these sections are conflicting with one another as per certain interpretations, the authors suggest that Indian law recognizes the distinction between repair and reconstruction (based on the doctrine of single use) and permit only repairs. In conclusion the authors propose an amendment in the form of section 107B, which will allow for repair only and hence avoid the inherent conflict in patent import rights of patentees.

In their article related to the rights of broadcasting organizations, Mr. Girish Kumar R. and Mr. Relfi Paul outline the challenges facing the national and international legal framework due to the emergence of innovative broadcasting technology. The authors, while dwelling specifically on the broadcasting of sporting events and the recent spate of Indian cases related to the same, examine the need to provide broadcasting corporations with new forms of intellectual property over broadcasted material. The article concludes by examining the proposed Broadcasting Services Regulation Bill which, though often raised in Parliament, has yet to be passed, and makes a case for the immediate passage of the same.

Ms. Tabasum Wani's article on the fight between the generic manufacturers and patented drug innovators succinctly puts forward the impact of the Hatch-Waxman Act, which identifies the key problems faced by generic drug manufacturers and tries to fill in the inadequacies. The author examines the object of the Act in light of the surrounding developments and attempts to analyse its success or lack thereof. The discussion on the benefits and uses of various methods for protection under the Act for the manufacturers of generic drugs has been made all encompassing. The article portrays the Act as a success as it has made the use of generic drugs on day – to – day terms easier

for the common man. It also strikes a balance between the interest of the branded drug companies by way of patent period that protects the drug and the generic drug companies by the benefiting provisions of the Act. The article discusses in detail the procedures and intricacies of the Act and also points out how the poor still remain at the losing end due to the ongoing fight in spite of the Act.

The article on comparative advertising by Mr. Shivaji Bhattacharya and Mr. Swaraj Paul Barooah highlights the unclear and unsatisfactory path taken by the Indian courts while considering marketing strategies in advertising. Taking a head start from the established positions in other jurisdictions, the article looks at how much of the settled has been adopted in India. It seems that the goal of such advertising (informing the consumer and increasing competition) has been lost due to the interpretation provided by the Supreme Court. The authors attempt to trace the thin line between disparagement and comparative advertising as provided by the Indian Supreme Court. Taking a cue only from the adverse effects on the manufacturer, the judgments develop in a direction which moves away from the international position. The article emphasizes the need to enhance healthy competition and thus maintain consumers' interests. The conclusion also elaborates on striking a balance between the advertiser seeking his interest and the interest of those who might be damaged because of the advertisement.

With the failure of the Doha Rounds, the interactions among the developed and developing countries became quite stringent. To bring about a uniform IP regime, various agreements came into play deciding and recommending a change in the IP laws of countries to fit the universal sphere. One such example is well brought out in Ms. Nadia Lambek's article on the USTR Special 301 Reports which describe the critiques and demands of the U.S.A about India and China between 2000 and 2008 relating to IP laws. The reports have demanded a catena of changes, for example, keeping criminal sanctions for IP infringement and greater enforcement rights. The reports are vividly shown as a counter to the fear faced by the U.S as these countries have the potential to develop alternative free trade economies. The paper sets the stage for developing markets like India to enhance their IP regime and makes it worthwhile for the IP world to look at how these countries react to the demands of the report. It also looks at how the report acts as a way for the U.S. to shape the IP laws in other countries, sometimes even leading to coercion.

The film industry and the law have always been closely connected: for the good or the bad. Piracy is one such important vein that joins the heart of

the two. Mr. Lawrence Liang's article looks at the role of piracy in issues of copyright infringement from two perspectives: the technological and legal. The argument seeks to revisit and widen the formalistic nature of films as property by looking at the question of temporality and consequences of treating films as property. The concern of protecting the Asian markets of pirated VCD's and DVD's drives him to a conclusion which looks past the bad of piracy and to create a better understanding of films as having property characteristics.

Ms. Latha Nair's article cogently questions the sufficiency of the 'fair use' provisions in the Indian Copyright Act, 1957 and makes a case for reviewing the same in comparison with such provisions in other jurisdictions. The argument cuts through the article that by keeping fair use dealing provisions in the Act, the law ends up serving only one of the two purpose of copyright protection *inter alia* protecting creativity. Taking into consideration the proposed 2006 amendment, she makes an interesting case for the proposition that copyright and fair use cannot exist together and that the present law needs to be updated in light of the continuously developing scenario in the copyright world. Even in terms of the proposed amendment, the law remains far from being able to fulfill both the objectives of providing copyright protection.

An ideal portrayal of the interrelationship between the process of Merger and Acquisitions (M&A) and IP has been brought about in the article by Ms. Mandavi Singh. The article discusses the market force behind IP and other benefits attached to it that become the guiding force for M&A. The author discusses how IP plays a catalyst's role in M&A as a result of its commercial viability and its potential to create IP financing. The article very cogently describes and elaborates on issues such as accessibility and increased valuation as guiding forces for companies to acquire others. Making a case for IP based mergers; it is an interesting observation to look at the jurisdictional issues and the conflict with antitrust laws for the same.

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The second volume of the Journal is an enthusiastic effort to enhance, encourage and appreciate the endeavours of intellectual property towards society and we would like to thank some people towards this effort.

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The overwhelming response from contributors to this Journal must be acknowledged. We are extremely grateful to those who sent in articles, case comments and essays for publication. The quality and volume of contributions was indeed impressive and it is unfortunate that we were able to select only a minute number of these for publication.

We are grateful to Prof. Lawrence Lessig for permitting us to print a chapter of his book, Code, Version 2. We are also extremely grateful to the teams at www.spicyipindia.blogspot.com and www.ipkitten.blogspot.com for their constant stream of updates and information which were a vital resource for the Journal.

Our special thanks to Mr. Prasan Dhar for his extended support to the Journal. The efforts, inputs and encouragement provided by the Advisory Board cannot be forgotten and we would like to record our gratitude for the same.

Finally we would like to thank the student community and alumni of NALSAR, especially Mr. Prashant Iyengar and Mr. Sourav Bhattacharya, for nurturing the Journal and playing a significant part in its success.

This volume of the Journal is dedicated to all those engaged in promoting, encouraging and spreading awareness in the field of intellectual property.

Board of Editors
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