A. **INTRODUCTION**

The digitalization of information has been unceasingly progressing in an exponential degree which has revolutionized the manner of creation, storage, retrieval and dissemination of information to the extent that cyberspace has rapidly transformed itself into a self-regulating or even unregulated medium of communication. The cyber laws are in a state of flux more so because the global status of the internet which knows no geographical jurisdictions is sought to be regulated by territorially based national legal jurisdictions. IPR issues on internet attracted the centre stage of global negotiations and culminated in the TRIPS agreement which for the first time incorporated all forms of intellectual property protection in a single treaty and provided a strong enforcement mechanism.\(^1\) However, even the TRIPS agreement could not provide for the various IPR issues arising out of the widespread use of internet since the same did not form the agenda nor was part of the Uruguay Round of negotiations. The issue was eventually left to the WIPO to fill in the lacuna which resulted in the WIPO Copyright Treaty (WCT), 1996 and WIPO Performance and Phonogram Treaty (WPPT), 1996.

B. **TRADEMARKS ON THE INTERNET**

1. **Overview of the law on Trademarks**

   i. **Origin of Trademarks**

   The origin of trademarks can be traced back to India. Over 3000 years ago, Indian craftsmen used to etch their signatures on their creations before sending them to the middle-east countries. Later, the Romans started using trademarks. However, under the Roman law, the onus was on the cheated buyer to take action against infringer of trademark. It was during the Middle Ages that the use of trademarks gained currency. In the modern day world, trademarks are granted significant protection and they play a pivotal role in fostering economic growth of competing national economies.

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\(^1\) M. Sivaraman, “Cyber Space and Protection of Intellectual Property Rights: Problems and Prospects in Law”, *Chartered Secretary*, May 2004, p. 621
ii. Functions of trademarks

In a competitive economy, a trademark performs the following functions:

a. Identification Function

A trademark assists the consumers in identifying the goods and services originating from a particular manufacturer or service provider from the goods and services of other manufacturers and service providers. For e.g. the trademark TATA, printed on a particular product informs the consumer that the product originated from the TATA Group and not from any other enterprise.

b. Quality Function

A trademark acts as a guarantee of quality to a consumer and assists trader in building a reputation/goodwill. This happens because consumers formulate and carry impressions about various brands/trademarks. In a free market, every time a consumer purchases a product and uses it, he makes a judgment regarding the product and remembers its identity/trademark. If the consumer finds the product to be satisfactory, then he prefers to purchase it, ahead of any other unknown product. As a consequence of this habit among consumers, owners of trademark invest a lot in the quality of goods and services, a trademark identifies.\(^2\)

c. Advertisement Function

In a number of ways, a trademark is a species of an advertisement. Once a trademark attains significance in the market, it can be placed on any new product of the company in order to convince/advertise to the consumers that the new product bears the same quality as earlier goods manufactured by the company under the particular trademark. For e.g. a new laptop under trademark VIAO by Sony Corporation gives an impression to the consumers that the laptop is of the same class as other laptops being sold under the trademark VIAO.

d. Economic Function

At the micro-economic level, trademarks foster competition by encouraging the traders to produce higher quality goods and services and they assist the consumer in making faster decisions regarding their purchase.

\(^2\) Dr. Anita Taneja, “Cyber Crimes Against Intellectual Property Rights”, *Lawteller*, p. 45
iii. **Meaning of Trademark**

A ‘trademark’ is a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packing and combination of colors.³

A ‘mark’ includes a device, brand, heading, label, ticket, name, signature, word, letter, shape of goods, packaging, and combination of colors.⁴

iv. **Conditions for Registration of a Trademark**

In India, a trademark is registered if it satisfies the following conditions:

a. **Absolute grounds for refusal of registration of a trademark**

- **Lack of distinctive character**

  The trademarks which are devoid of any distinctive character, i.e., not capable of distinguishing the goods or services of one person from those of another shall not be registered.⁵

  Distinctive character of a trademark is understood to be some quality in the trademark which earmarks the goods so marked as distinct from those of other products or such goods.⁶

  The distinctiveness of a mark may be of following 2 types:

  - **Inherent distinctiveness**

    A mark is said to be inherently distinctive if there exists sufficient distinguishing characteristics in the mark itself whereby distinctiveness results irrespective of the type and scale of the user of the mark. Arbitrary and fanciful marks are deemed to be inherently distinctive.⁷ Examples of arbitrary marks are Kodak for Cameras, Polaroid for lens, Adidas for shoes etc. Examples of fanciful marks are Apple for computers, Camel for cigarettes, Shell for gasoline etc.

  - **Acquired distinctiveness**

    A mark is said to have acquired distinctiveness if it acquires distinctiveness by virtue of its continuous usage and popularity among the consumers. Surnames and other generic marks

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³ The Trademarks Act, 1999; Section 2 (1) (z b)
⁴ Ibid., Section 2 (1) (m)
⁵ Ibid., Section 9 (1) (a)
⁶ Imperial Tobacco v. Registrar of Trademarks, AIR 1977 Cal 413
⁷ Plast India Foundation v. Ajay Singh & Anr, 2002 (25) PTC 71; See also Ranbaxy Laboratories Ltd. v. Indohemic Health Specialities Pvt. Ltd., 2002 (24) PTC (Bom) 510; Ball Pharma Ltd. v. Centaur Laboratories Pvt. Ltd., 2002 PTC 24 (Bom) 226
usually acquire distinctiveness over a period of time. Examples of marks having acquired distinctiveness are TATA, FORD etc.

- **Use of Descriptive Marks in the Trademark**

  The trademarks which consist exclusively of marks or indications which may serve in trade to designate the kind, quality, quantity, intended purpose, values, geographical origin or the time of production of the goods or rendering of the service, or other characteristics of the goods or service, shall not be registered. Thus, descriptive marks are denied registration because they lack the capability to distinguish the goods or services of one person from those of others. Examples of descriptive marks that have been denied registration are ‘SAFFO’ for cleaning powder, ‘Easy load’ for tape recorders, ‘Trim’ for finger nail clippers, ‘Quick print’ for printing device etc.

- **Use of Generic marks in the Trademark**

  The trademarks which consist exclusively of marks or indications which have become customary in the current language or in the bona fide and established practices of the trade are not registrable. Thus, generic words as trademarks are prevented from registration. For e.g. ‘Apple’ cannot be registered by a wholesale dealer of apples, or ‘Vehicles’ cannot be registered by a car dealer.

- **Deceptive trademark**

  A trademark which by its very nature will deceive the public or cause confusion cannot be registered.

- **Trademark hurting religious feelings**

  A trademark that contains matter likely to hurt the religious susceptibilities of persons cannot be registered.

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8 Supra note 3, Section 9 (1) (b)
9 Sant Kumar Mehra v. Ram Lakhan, 1999 PTC (19) 307; Amrutanjan Ltd. v. Mehta Unani Pharmacy & Co., 1999 PTC (19) 514
11 Supra note 3, Section 9 (1) (c)
13 Supra note 3, Section 9 (2)
14 Ibid.
➤ **Statutorily prohibited trademarks**

A trademark that contains any matter the use of which is prohibited by the Emblems and Names (Prevention of Improper Use) Act, 1950.\(^{15}\)

➤ **Shape of goods as trademark**

A trademark comprising of the shape of goods shall not be registered if:

a. The shape of the goods result from the nature of the goods themselves, i.e., it is the natural shape of the goods, or

b. The shape of the goods is necessary to obtain a technical result, or

c. The shape which gives substantial value to the goods.\(^{16}\)

b. **Relative Grounds for Refusal of Registration of a Trademark**

The following trademarks cannot be registered:

➤ **Causes confusion to public**

A trademark which because of its identity with an earlier trademark and similarity in the goods or services it represents with that of the earlier trademark, is likely to cause confusion amongst the public or is likely to be associated with the earlier trademark.

➤ **Damaging the goodwill of an earlier trademark**

A trademark which is identical or similar to an earlier trademark and is to be registered for goods or services which are not similar to those of an earlier trademark, shall not be registered if the earlier trademark is a ‘well-known’ trademark and the use of the later trademark would result in unfair advantage or be detrimental to the distinctive character of the well-known trademark.

➤ **Prohibited by Law**

A trademark shall not be registered if its use is liable to be prevented by virtue of any law, in particular the law of passing off, protecting an unregistered trademark used in the course of trade or by virtue of law of copyright.\(^{17}\)

v. **Procedure for Registration of a Trademark**

The procedure for registration of a trademark is as follows:

\(^{15}\) *Supra note* 3, Section 9 (3)

\(^{16}\) *Ibid.*

\(^{17}\) *Supra note* 3, Section 11
a. Application for Registration

The application for registration of a trademark can be made by any person claiming to be the proprietor of a trademark. The application is to be made to the Registrar of Trademarks on Form TM-1. At the time of registration, it is not necessary for the applicant to establish use of the trademark. It is open for the applicant to register the trademark for future use.  

b. Withdrawal of Acceptance

After acceptance of the application and prior to the actual registration of the trademark, it is open for the Registrar to withdraw acceptance of the application in case –

(i). The application has been accepted in error; or

(ii). In the circumstances of the case, the trademark should not be registered or should be registered subject to certain conditions or limitations or to conditions additional to or different from the conditions or limitations subject to which the application has been accepted.

The Registrar has to issue a notice, specifying the objections, which has led him to think that the application has been accepted in error or why the mark should not be registered, to the applicant and give him an opportunity of being heard by requiring him to show cause why acceptance should not be withdrawn.

c. Advertisement of Application

After acceptance of the application, the Registrar has to get the application advertised in the prescribed manner in the Official Gazette. The objective behind advertisement is to inform the public at large about the application and to give an opportunity to any interested party to oppose the registration of the trademark.

d. Opposition of Application

Any person, including any member of the public can oppose an application for registration of a trademark. The application for opposition has to be filed within 3 months from the date of advertisement. However, upon payment of the prescribed fees, the Registrar can extend the time period by one month. After receiving the application for opposition, the Registrar is required to supply its copy to the applicant for registration and within 2 months, the applicant is required to file his counter statement. After completion of the pleadings, the

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18 Ibid., Section 18
19 Ibid., Section 19
20 Tikam Chand and Another v. Dy. Registrar of Trade Marks, 1998 PTC 542 (Del)
21 Supra note 3, Section 20
Registrar hears both the parties and adjudicates on the objections. If the objections are allowed, the trademark is not registered.\textsuperscript{22}

\textbf{e. Registration}

Subject to Section 19 and any order of the Central Government that directs otherwise, the Registrar is bound to register a trademark in the following circumstances:

(i). when the application has not been opposed and the time for notice of opposition has expired; or

(ii). the application has been opposed and the opposition has been decided in favour of the applicant.

Once the Registrar enters the trademark in the Register of Trademarks, it is deemed to be registered from the date on which application for registration was filed and the said date is also treated as the date of registration of the trademarks.\textsuperscript{23}

\textbf{vi. Term of Protection of a Trademark}

The registration of a trademark continues till 10 years. Upon the expiry of 10 years, it is left to the discretion of the owner of a trademark to either renew the registration or abandon it. In case the owner of a trademark fails to renew the registration of a trademark within 6 months of the expiry of 10 years, the Registrar can remove the trademark from the Trademark Register.\textsuperscript{24}

\textbf{vii. Infringement and Passing Off}

\textbf{a. Trademark infringement}

Upon registration of a trademark, the owner gets the exclusive right to use the trademark in relation to the goods and services in respect of which it has been registered. When any person, other than the owner of the registered trademark or a permitted user, uses a mark that is identical or deceptively similar to the registered trademark, in relation to the goods and services for which the trademark is registered, then the infringement of trademark takes place.

\textsuperscript{22} \textit{Ibid.}, Section 21
\textsuperscript{23} \textit{Ibid.}, Section 23
\textsuperscript{24} \textit{Ibid.}, Section 25
In *Durga Dutt Sharma v. Navratna Pharmacy Laboratories*, the Supreme Court of India has laid down the following guidelines regarding trademark infringement cases:

(i). the onus of establishing infringement of trademark is on the plaintiff

(ii). In a case where the infringing trademark is identical to the registered trademark, no further inquiry is required by the Court.

(iii). In a case where the infringing trademark is not identical to the registered trademark, the plaintiff would have to establish that the use of the defendant’s trademark is likely to deceive or cause confusion among the relevant section of public.

While comparing two trademarks, the Court has to look into their degree of resemblance. The degree of resemblance is determined by noting the essential features of the two trademarks.

In *Teletech Customers Care Management v. Tele Tech Co.*, the court restrained the Tele Tech Co. to use ‘teletech.com’ because the plaintiff was a provider of telephone and internet customer services and owned a federal service mark registration for Tele Tech.

In *Toy ‘R’ US Inc v. Akaoui*, Akaoui’s domain name ‘adultsrus.com’ and the term “Adults ‘R’ US” tarnished the plaintiff’s famous trademarks “Toys ‘R’ US” and “KID ‘R’ US”. The court restrained the defendant to use the domain name ‘adultsrus.com’ and ordered for the cancellation of domain name.

**b. Passing Off**

Passing off is a common law remedy against an action of deceit i.e. passing off by a person of his own goods as that of another. It is based on the principle that “no man is entitled to represent his goods as being the goods of another man; and no man is required to use any mark, sign or symbol, device or means, whereby without making a direct representation himself to a purchaser who purchases from him, he enables such purchaser to tell a lie or to make a false representation to somebody else who is the ultimate purchaser.”

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25 *Durga Dutt Sharma v. Navratna Pharmacy Laboratories*, AIR 1965 SC 980
26 *S.M. Dyechem v. Cadbury’s India Pvt. Ltd.*, AIR 2000 SC 2114
29 *Singer Manufacturing Co. v. Loog*, (1880) 18 Ch. D. 395, p. 412; See also *Routh v. Webster*, (1847) 10 Bear 561
In *Harrods v. Harrodian School*,\(^{30}\) it was held that in an action for passing off, a plaintiff has to establish the following ‘classical trinity’:

(i). reputation – the plaintiff has to establish that its trademark has an established goodwill and reputation regarding certain products and the public identifies and associates the plaintiff and nobody else with those products.

(ii). Deception – the plaintiff has to establish that there is a likelihood of confusion amongst the public or damage to the reputation of the plaintiff and such likelihood originates from the acts of the defendant.

(iii). Damage – the plaintiff has to establish that the act of the defendant is likely to cause damage or injury to its reputation and goodwill. The plaintiff is not required to prove that it suffered actual loss or damage.

In *Cadila Healthcare Ltd. v. Cadila Pharmaceutical Ltd.*,\(^{31}\) the Supreme Court held that the probability of deception is a question of fact which depends upon the following factors:

(i). Nature of the mark

(ii). Degree of resemblance between the marks

(iii). Nature of goofs in respect of which they are used

(iv). Similarity in the nature, character and performance of the goods of the rival traders

(v). Class of purchasers, who are likely to buy the goods bearing the marks, their education and intelligence and a degree of care they are likely to exercise.

(vi). Mode of purchasing

(vii). Any other surrounding circumstances which may be relevant.

2. **Domain Names**

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\(^{30}\) *Harrods v. Harrodian School.* (1996) RPC 698; See also *Bristol Conservation Ltd. v. Conservatories Custom Built Ltd.* [1989] RPC 455

\(^{31}\) *Cadila Healthcare Ltd. v. Cadila Pharmaceutical Ltd.* (2001) 5 SCC 73; See also *Mahendra and Mahendra Paper Mills Ltd. v. Mahindra and Mahindra Ltd.*, AIR 2002 SC 117; *Erven Wornink v. Townsend & Sons Ltd.*, (1980) RPC 31
From the perspective of an ordinary man, a ‘Domain Name’ is the string of characters (words) that a user of internet types in a web browser in order to open a website. In technical terms, a domain name is the user friendly substitute for the address of a computer/server hosting a website on the internet. Every computer on the internet has a unique IP address which is a set of four numbers from 0 to 255 separated by a period, for e.g., 198.41.0.108. Using these addresses one computer is able to contact, communicate and share data with any other computer on the internet. Internet users find it difficult and cumbersome to remember these number strings, therefore a more user-friendly system of domain names was adopted in 1984. The purpose of domain names is to enable the users to locate sites on the internet in an easy manner.

i. **Anatomy of a Domain Name**

Domain names are read from right to left, and are divided into ‘levels’. The ‘top level domain’ (TLD) corresponds to either the generic type of organization or the geographic origin of the organization. The ‘second level domain’ (SLD) portion of the domain name appears directly before the TLD and is the key feature of the domain name. The SLD portion of the domain name establishes the unique identity of an entity on the internet. The prefix ‘www’ is a standard for all World Wide Web addresses.

The following depiction gives a better understanding of the anatomy of a domain name:

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33 For example, [www.google.com](http://www.google.com) is the user friendly substitute for the computer/server no. 64.233.161.99 which hosts the popular search engine ‘Google’. Instead of typing [www.google.com](http://www.google.com), an internet user can access the Google website by typing 64.233.161.99
34 A corporation can establish additional levels (possibly representing separate divisions of the corporation), to either second level domain name by separating the new level from the second level domain name by a period (.). For e.g. WIPO could establish multiple domain levels such as [www.publications.wipo.com](http://www.publications.wipo.com) or [www.reports.wipo.com](http://www.reports.wipo.com). The creation of multiple levels is constrained by the 22 character limit.
ii. **Classification of domain names**

There are following 2 kinds of domain names:

a. **Generic Top Level Domains (gTLD):**

These are domain names which are not country specific. For e.g. www.hotmail.com, www.wipo.org etc

For a long time, there were only following 7 gTLDs:\(^35\):

(i). .com generally used by commercial organizations
(ii). .net generally used by internet service companies
(iii). .org generally used by non-profit organizations
(iv). .mil reserved for use by the US military organizations
(v). .gov reserved for use by the US government organizations
(vi). .edu reserved for use by established colleges and universities
(vii). .int reserved for use by international organizations databases related out of international treaties.

On November 16, 2000, the ICANN\(^36\) selected following 7 new g TLDs in addition to those mentioned above:

(i). .aero it is only intended for use of the members of the aviation community.

Registration of .aero domain name is done in the following 2 steps –

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\(^35\) http://www.iana.org/domain-names

\(^36\) http://icann.org ; last visited on Sept 28,2009
(a). identification: before a registrant can submit an application for .aero domain name, the registrant must be recognized as a member of the aviation community and obtain an Aviation Membership ID from the Registry,

(b). registration: once the registrant has obtained an Aviation Membership ID, the registrant can obtain .aero domain name from an accredited Registrar.\(^{37}\)

(ii). .biz it is only intended for domain names that are or will be used primarily for a bona fide business or commercial purpose.

(iii). .coop it is sponsored gTLD for cooperatives. One has to abide by the .coop Charter.\(^{38}\)

(iv). .info it is an open gTLD without restrictions (anyone can register any domain name).

(v). .museum it is sponsored TLD for museums. One has to abide by the .museum Charter.\(^ {39}\)

(vi). .name it is an open gTLD for registration of personal names or names of fictitious characters on the second level or on the second and third level (e.g. <Smith.NAME> or <John.Smith.NAME> or Smith.John.NAME> or J.Smith.NAME>). However, it permits only for personal names (described as the legal name or the name by which the person is commonly known) of an individual or of a fictional character provided applicant has a trademark in that name.

(vii). .pro it is open for unsponsored TLD for qualified professionals meeting the registration restrictions. The details are given in the Appendix of the .PRO Registry Agreement.\(^ {40}\) Registration is permitted on the third level only. The second level will indicate individual professions (<Smith.law.pro>, <Smith.med.pro>, <Smith.cpa.pro>). In an initial phase, domain name can only be registered by lawyers (.law.pro), medical doctors (.med.pro) and chartered accountants (.cpa.pro).

In 2004, ICANN started exploring possibilities to add additional gTLDs\(^ {41}\)

b. Country Code Top Level Domains (ccTLD):

These are domain names specific to a country. For e.g. www.pokey.ch (Switzerland), www.paris.fr (France), www.vodafone.uk (United Kingdom) etc. Two letter domains, such as

\(^{37}\) The details of the ‘.aero’ Domain Management Policy are given at www.information.aero/policy/aerodmp.htm

\(^{38}\) The ‘.coop’ Charter is available at www.icann.org/tlds/agreements/coop/sponsorship-agmt-att1-05nov01.htm

\(^{39}\) The ‘.museum’ Charter is available at www.icann.org/tlds/agreements/coop/sponsorship-agmt-att1-20aug01.htm

\(^{40}\) The appendix of the .PRO Registry Agreement is available at www.icann.org/tlds/agreements/pro/registry-agmt-appl-03mar02.htm.

\(^{41}\) See a report published by ICANN at www.icann.org/announcements/announcement-31aug04.htm
.uk, .fr, .au etc. are called as Country Code Top Level Domains (ccTLD) and correspond to a
country, territory, or other geographic location. The rules and policies for registering ccTLDs
vary significantly and a number of ccTLDs are reserved for use by citizens of the
Corresponding country. A few of these ccTLDs were established in 1980s, but most of them
were created in mid and later 1990s.42

The administration of ccTLDs is left to the specific country concerned. For e.g. the
administration of domain names within the .in (Indian) ccTLD is looked after by the NCST.*
[For details refer to www.domain.ncst.ernet.in.html] With the gTLDs being over-used and
short in supply, people are now turning to ccTLDs. There are quite many instances where the
ccTLDs are proving to be more apt to indicate more meaningfully one’s business or
profession. For e.g. .tv (of Tuvalu) which has been in high demand by television companies
around the world. Another instance is .md (of Republic of Moldova) is a hot favourite for
medical professionals. Other ccTLDs having higher appealing value could be .mr (of
Mauritania), .ms (of Montserrat), .my (of Maldives), .tm (of Turkmenistan), .ac (of Ascension
Island), .id (of Indonesia), .im (of Isle of Man), etc.

iii. Procedure for Registration of Domain Names

Domain names are registered on a first-come, first-serve basis and offer a unique,
global presence on the internet.43 In 1996, the US Government had signed a contract with
Network Solutions Inc. (NSI), a private organization, giving it complete authority to operate
the Domain Name System (DNS). The NSI’s contract with the US Government was due to
expire in September 1998. However, under the October 1998 agreement with the US
Government, NSI was granted a 2 year’s extension. Till April 1999, the registration of
domain names continued to be in the hands of NSI. In April 1999, five additional
corporations were allowed to register domain names on a trial basis. Subsequent to June 24,
1999, when the trial phase concluded, a new competitive registration procedure was opened
to all interested companies whereby any company, which satisfied the standards set forth in
ICANN’s Statement of Registrar Accreditation Policy, was permitted to be an accredited

42 The policies governing establishment, delegation and operation of ccTLDs are given at
www.icann.org/icp/icp-1.htm
43 P.S. Sangal, “Trademarks and Domain Names: Some Recent Developments”, Journal of Indian Law Institute,
1999, Vol. 41, pp. 30-43
The ICANN became the overall governing body with respect to the management of the Domain Name System (DNS). It was made responsible for the following:

(i). Internet Protocol Address Space Allocation
(ii). Protocol Parameter Assignment
(iii). Domain Name System Management

### a. Procedure for Registration of a Generic Top Level Domain Name (gTLD)

ICANN accredits domain name registrars for the gTLDs throughout the world, who in turn register the domain names. Following are 2 such accredited registrars in India:

(i). Polar Software Ltd. (signdomains.com)
(ii). Direct Information Pvt. Ltd. (directi.com)

Registrations are done by these accredited registrars and the Domain Name System (DNS) is managed by the ICANN. Any person interested in registering a domain name can approach any of the ICANN accredited registrars. The domain name registrant would be required to furnish his address and other necessary details. Then an agreement would be signed whereby the domain name registration would be subject to the Uniform Dispute Resolution Policy (only in case of gTLDs .com, .net, .org) and after the payment of a nominal fee, the registrant would be entitled to use the registered domain name.

### b. Procedure for Registration of Country Code Top Level Domain (cc TLDs i.e ‘.in’) in India

On October 28, 2004, the Government of India, Ministry of Communications and Information Technology, announced a liberalization of the registration requirements. Under the new registration rules which became effective from January, 2005, unlimited generic ‘.in’ registration were offered at the second level of domain name and also at the third level in the zones of domain registration, ‘.co.in’, ‘.net.in’ and ‘.org.in’. Registrations were carried out by Registrars to be appointed by the ‘.in’ Registry. The National Centre for Software Technology (NCST)\(^{45}\), a scientific research and development institution under the Ministry of Information Technology, Government of India, was made the domain name registration authority for India’s ‘.in’ country code top-level domain (ccTLD) and thus is the ccTLD Manager. NCST had been registering domain names in the ‘.in’ ccTLD since 1995. The primary duty of the ccTLD Manager is one of public service and to manage and operate the

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\(^{44}\) Registrar Accreditation: Overview, ICANN, at http://www.icann.org/registrars/accreditation-overview.htm

\(^{45}\) The NCST is now known as the Centre for Development of Advanced Computing (C-DAC)
ccTLD Registry in the interest of and in consultation with the Local Internet Community, mindful of the interests of the Global Internet Community.

The Internet Management Group (IMG), a committee formed by the Government of India, oversees the Internet domain name registration related activities for the ‘.in’ ccTLD. This committee consists of the members representing the following:
(i). Bharat Sanchar Nigam Ltd. (BSNL)
(ii). Ministry of Information Technology (MoIT)
(iii). Videsh Sanchar Nigam Ltd. (VSNL)
(iv). National Centre for Software Technology (NCST)

The NCST is the designated manager of the ‘.in’ ccTLD. As such it is in charge of the operations of the DNS services for the ‘.in’ domain name space. The ‘.in’ ccTLD is separated into sub-categories, called as the second-level domains (SLDs).
Table: Categories in which Organizations/entities can apply for Domain Names:

<table>
<thead>
<tr>
<th>Domain Category</th>
<th>Who Can Apply</th>
</tr>
</thead>
<tbody>
<tr>
<td>co.in</td>
<td>Registered Companies/Trademarks Owners/Banks</td>
</tr>
<tr>
<td>firm.in</td>
<td>Propriety Concerns/Partnership Firms/ Shops/ Liaison Offices</td>
</tr>
<tr>
<td>ac.in</td>
<td>Academic Community</td>
</tr>
<tr>
<td>res.in</td>
<td>Research Institutes</td>
</tr>
<tr>
<td>gov.in</td>
<td>Government Organizations</td>
</tr>
<tr>
<td>mil.in</td>
<td>Military Establishments</td>
</tr>
<tr>
<td>net.in</td>
<td>Internet Service Providers</td>
</tr>
<tr>
<td>in</td>
<td>Registered Company/Individual/etc.</td>
</tr>
<tr>
<td>org.in</td>
<td>Non-Profit Organizations</td>
</tr>
<tr>
<td>ind.in</td>
<td>Individuals</td>
</tr>
<tr>
<td>gen. in</td>
<td>General/Miscellaneous</td>
</tr>
</tbody>
</table>

iv. Nexus between Trademarks and Domain Names

All over the world business enterprises have recognized the significant potential of websites as a primary source of facilitating electronic commerce. By using trademarks as their domain names, business enterprises around the world hope to attract potential customers to their websites and thus increase their global market visibility, and ultimately their sales and profits. Domain names are now used routinely for advertising and as a means of indicating the presence of an enterprise or business on the internet. With the increase in the use of domain names by business enterprises for publicizing their goods and services, domain names have gained immense commercial significance.\(^{46}\) In order to have easy access for the consumers most of the business enterprises have one or more domain name by which the

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\(^{46}\) *Panavision Int’l L.P v. Toeppen*, 141 F 3d 1316, 1325 (9th Cir. 1998)
consumer can access information relating to them. The business enterprises over the world prefer to have their domain names similar to their trademarks so that they are able to maintain an identity on the internet similar to their identity in the real world.\(^{47}\) Thus, domain names share many of the attributes of traditional trademarks or trade names and as commerce has moved on-line, they serve to identify a particular entity on the internet.

The Courts in India and abroad have recognized the fact that domain names are similar to trademarks and are thus entitled to similar protection.

In *Satyam Infoway Ltd. v. Sifynet Solutions (P) Ltd.*,\(^{48}\) the Supreme Court of India observed that, “the original role of a domain name was no doubt to provide an address for computers on the Internet. But the Internet has developed from a mere means of communication to a mode of carrying on commercial activity. With the increase of commercial activity on the Internet, a domain name is also used as a business identifier. Therefore, the domain name not only serves as an address for Internet communication but also identifies the specific Internet site. In the commercial field, each domain name owner provides information/services which are associated with such domain name.”

The Court further observed that “a domain name as an address must, of necessity, be peculiar and unique and where a domain name is used in connection with a business, the value of maintaining an exclusive identity becomes critical.”\(^{49}\)

In *Tata Sons Limited v. Manu Kosuri & Others*,\(^{50}\) the Court observed, “with the advancement and progress in technology the services rendered by an Internet site have also to be recognized and accepted and are being given protection from passing off. With the advent of modern technology particularly that relating to cyber space domain names or internet sites are entitled to protection as a trademark because they are more than a mere address. The rendering of Internet services is also entitled to protection in the same way as goods and services are, and trademark law applies to activities on Internet.”

In *Acqua Minerals Limited v. Pramod Borse & Another*,\(^{51}\) the Court observed, “with the advancement of Internet communications, the domain name has attained as much legal

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48 *Satyam Infoway Ltd. v. Sifynet Solutions (P) Ltd.*, AIR 2004 SC 3540
50 *Tata Sons Limited v. Manu Kosuri & Others*, 2001 PTC 432 Del
51 *Acqua Minerals Limited v. Pramod Borse & Another*, 2001 PTC 619 (Del.); See also *Zee Telefilms Limited v. Rahul Dholakia* 2001, PTC 660 (WIPO)
sanctity as a trade name. Since the services rendered on the Internet are crucial for any business, the domain name needs to be preserved so as to protect such provider of services against anyone else trying to traffic or usurp the domain name.”

In Rediff Communications Limited v. Cyber booth,\(^{52}\) it has been observed that, “the Internet domain names are of importance and can be a valuable corporate asset and such domain name is more than an Internet address and is entitled to protection equal to a trademark.”

In Maruti Udyog Ltd. v. Tella Rao Maruti Udyog Ltd.,\(^{53}\) a reputed entity owning the trademark of ‘maruti’ for its cars filed a complaint against the respondent who had registered a domain name maruti.com. The administrative panel over-rulled the objections of Maruti Udyog Ltd. and upheld the contentions of the respondent that he had got the domain name registered since the word maruti stood for the Hindu god ‘Hanuman’ and also one of his relatives was named maruti. The panel concluded that there was no evidence of registration in bad faith. Thus, though ‘maruti’ is an established brand name and also registered as trademark, no domain name could be registered as maruti.com.

In Maruti Udyog Ltd. v. Subba Raju, USA,\(^{54}\) the complaint was again by Maruti Udyog Ltd. against a domain name maruticar.com which was registered by the respondent on the ground that he was a computer engineer and that maruti stood for a Hindu god that he worshipped. The administrative panel took a view that the domain name was likely to cause confusion in the minds of the consumers since the term ‘maruti’ was more particularly associated with cars. The respondent had neither activated his domain name nor could he provide any justification for the usage of the term ‘maruti’. Further the term ‘cars’ was nowhere used in computer terminology. Thus, the panel held that the Maruti Udyog Ltd. has the right to use domain names in its name and not the respondent.

The above decisions appear to be contradictory and further compound the ambiguities. There could be 2 solutions to the above described problematic cases:

a. the search engine should clearly distinguish and segregate the searches between commercial and non-commercial portions so that they do not come in conflict with each other;

\(^{52}\) Rediff Communications Limited v. Cyber booth, AIR 2000 Bom. 27
\(^{53}\) Maruti Udyog Ltd. v. Tella Rao Maruti Udyog Ltd, 2008 PTC 108; See also Suzuki Motor Corporation v. World Information Pages, 2000 PTC 636
\(^{54}\) Maruti Udyog Ltd. v. Subba Raju, USA 2006 PTC 610
b. There needs to be a global legal forum comprising of members who are legally qualified and competent to deal with all such cases. All countries should be subject to the jurisdiction of this forum. This forum can lay down the norms and rules for the registration of domain names and such rules can provide for rectification of domain names if they infringe any registered trademark in any part of the world or if they are responsible for passing off. These grounds can be in addition to the extant grounds of registration in bad faith. This legal forum should also have the powers to grant compensation for the losses suffered by parties and stay the registration of domain names pending resolution of disputes. Jurisdiction of courts needs to be excluded for matters falling within the domain of this forum. This forum should have the infrastructure to conduct proceedings online or on the internet and should have administrative offices and branches in all major cities of the world.

In Cardservice International Inc. v. Micgee, it has been observed that, “the domain name service functions as the trademark and is not a mere address or link finding number on the internet and, therefore, is entitled to equal protection as trademark for it also identifies the internet site to those who reach it, much like a person’s name identifies a specific company, thus, the defendants have to be injuncted upon by way of permanent injunction.”

Hence, the importance of a domain name is no less than the trademark itself. If a particular trade name has come to be known in the market to represent a particular commodity or a particular company, the general guess of people online would be that the domain name equivalent to such trade name would be used by such company. The domain name in the online world, just like the trade name in the offline world, serves to identify the goods/services provided by the company.

However, there is one big problem. The process of registration of a domain name is not as stringent as that of registration of a trademark. The system is based primarily on first-come-first-serve basis. Anyone can approach a Domain Name Registrar and register any available domain name. In this context Delhi High Court has observed, “So far as the Registering Authority of the domain name is concerned, it agrees for registration of domain name only to one person. That is on first-come first-serve basis. If any person gets the domain name registered with the Registering Authority which appears to be trade name of some other

55 Cardservice International Inc. v. Micgee, 42 USPQ 2nd 1850
person, the Registering Authority has no mechanism to inquire into it to decide whether the domain name sought to be registered is in prior existence and belongs to another person.”

So, a person just might approach the Registrar and register www.mahindra.com though he does not have the remotest connection with famous Mahindra & Mahindra in Mumbai. Naturally, for Mahindra & Mahindra, it might be wrong for anyone to register www.mahindra.com. After all, ‘Mahindra’ is quite a popular trademark for its products. It was soon realized that such domain names have been registered by unauthorized persons, not only for the purpose of taking advantage of the goodwill created by the trademark owners but also, and most of the times, for receiving certain financial gain in exchange of the domain name.

It is also important to realize that in the online world, there can be only one domain name as opposed to the possibility of 2 or more trademarks co-existing in different working spheres. For e.g. a person might be selling garments under the mark ‘Roughins’ in India and somebody else might be selling the same product under the same mark may be in New Zealand. One can even have ‘Roughins’ registered as trademarks in different countries without affecting the other registrations. Leaving apart legal objections, this arrangement is perfectly possible in the physical world. However, the online world does not permit of such technological arrangement. If one person owns www.roughins.com, registration of the same domain name by another person is not permissible. One might register www.roughins.net or www.roughins.org or www.roughins.biz but cannot register www.roughins.com. In such a situation, one might conclude that the domain names have a higher degree of importance than the trademark. Even though one might be using the trademark ‘Roughins’ somewhere else in the world but it is not affecting one’s business in India, not much damage is done. But domain name is single. If one registers, another cannot. This predicament has led the trademark owners to protect their trademarks online by registering their domain names. Adding to this problem is the tendency of net surfers to hunt for a particular company’s website by its trademark itself.

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56 Supra note 3
57 Check http://www.greatdomains.com for an interesting value-analysis of various domain names.
Another indicator of importance of domain names is the availability of a number of popular domain names in many of the auction/sale websites. One might register a trademark as a domain name, and then put it up for auction or sale.58

3. Types of Trademark – Domain Name Disputes

i. Cyber Squatting

In popular terms ‘Cyber squatting’ is the term most frequently used to describe the deliberate, bad faith and abusive registration of a domain name in violation of rights in trademarks and service marks.59

a. Ingredients of Cyber squatting

Cyber squatting is proved when all of the following conditions are met:

(i). The domain name is identical or misleadingly similar to a trade or service mark in which the complainant has rights; and

(ii). The holder of the domain name has no rights or legitimate interests in respect of the domain name; and

(iii). The domain name has been registered and is being used in bad faith.60

For the purposes of the third point, the following shall be evidence of the registration and use of a domain name in bad faith:

(i). an offer to sell, rent or otherwise transfer the domain name to the owner of the trade or service mark, or to a competitor of the owner of the trade or service mark, for valuable consideration; or

(ii). An attempt to attract, for financial gain, Internet users to the domain name holder’s website or other online location, by creating confusion with the trade or service mark of the complainant; or

(iii). The registration of the domain name in order to prevent the owner of the trade or service mark from reflecting the mark in a corresponding domain name, provided that a pattern of such conduct has been established on the part of the domain name holder; or

59 Pravin Anand, Shamnad Basheer and Keshav S. Dhakad, “Prevention is Better than Cure: An Often Repeated Aphorism that is Often Forgotten (Internet and Intellectual Property Rights)”, Chartered Secretary, August 2000, pp.959-963.
(iv) the registration of the domain name in order to disrupt the business of a competitor.

Thus, cyber squatting is the act of registering a popular Internet address, such as a company’s name or the name of a famous individual, with the intent of selling it to the real owner or with a view to prevent the real owner from registering his/her trademark as a domain name.\textsuperscript{61}

b. Genesis of the Problem of Cyber Squatting

With the growth of the Internet, domain names have increasingly come into conflict with trademarks. The possibility of such conflict arises from the lack of connection between the system of registering trademarks, on one hand, and the system of registering domain names, on the other hand. The system of registering trademarks is administered by a public authority on a territorial basis and gives rights to the trademark holder that may be exercised within the territory. The system of registering domain names is governed by a non-governmental organization without any functional limitation. Domain names are registered on a first-come first-serve basis and offer a unique, global presence on the Internet. This difference in the system of registering trademarks and domain names has led to the emergence of cyber squatting which is the practice of registering domain names in bad faith.\textsuperscript{62}

c. Method to Recognize Cyber Squatting

On approaching the domain name if the following results appear then a person has reason to believe that the domain name he/she wants is being used by a cyber squatter:

(i). a “can’t find server” message; or

(ii). An “under construction” page; or

(iii). A page that appears to have no relationship to the meaning of the domain name.

d. Judicial Approach Towards Cyber Squatting

In \textit{Panavision International LP v. Toeppen},\textsuperscript{63} the plaintiff Panavision owned registered trademarks for ‘Panavision’ and ‘Panaflex’. The defendant, Dennis Toeppen registered the domain name <Panavision.com>. Posted on Toeppen’s site were photographs


\textsuperscript{62} Amit K. Vyas, “Cyber Squatting and Violation of Intellectual Property Rights: A Clear Remedy Remains Elusive”, Chartered Secretary, October, 2002 p. 1398

\textsuperscript{63} \textit{Panavision International LP v. Toeppen}, 141 F 3d 1316, 46 USPQ 2d 1511 (CA 9 1998)
of the city of Pana, Illinois. When plaintiff demanded Toeppen cease and desist his use of the domain name, then the defendant offered to ‘settle the matter’ for $13000 in exchange for the domain name registration. When plaintiff rejected the offer, Toeppen plaintiff registered other trademark ‘Panaflex’ as a domain name and posted the word ‘hello’ on the website. In a suit for trademark infringement, trademark dilution and unfair competition, the District Court found the defendant liable for dilution and enjoined him from using plaintiff’s marks or marks similar to them in connection with any commercial activity.

In *Marks & Spencer PLC v. One in A Million Ltd.*, the Court after finding the respondent to be guilty of ‘Cyber squatting’ observed, “any person who deliberately registers a domain name on account of its similarity to the name, brand name or trademark of an unconnected commercial organization, must expect to find himself on the receiving end of an injunction to restrain the threat of passing off, and the injunction will be in terms which will make the name commercially useless to the dealer.”

In *Indya.com Portal Pvt. Ltd. v. Akram Ali, V.M. Hardware*, the WIPO Arbitration Centre held that there is no doubt that the name ‘indya.com’ of the complainant and the impugned domain name ‘indyanews.com’, ‘indyanews.net’ and ‘indyanews.org’ by the respondent are identical and confusingly similar.

In *Sony Corporation v. Setec*, the WIPO Arbitration Centre has held that the domain name registered by the respondent, namely, ‘newssony.com’ is virtually identical and confusingly similar to the domain name of the complainant ‘sony.com’.

In *Essel Packaging Limited v. Sridhar Narra Ltd. & Another*, the Court observed that, “merely because a party gets a registration of a domain name does not mean that it also acquires proprietary rights over the same. Registration of domain names does not involve any process of enquiry. Its registration in bad faith itself is a ground for injunction.”

In *Yahoo.Inc v. Akash Arora*, the defendant had registered a domain name ‘yahooindia.com’ which was deceptively similar to the domain name of the complainant ‘yahho.com’. The Delhi High Court passed an injunction order in favour of the complainant.

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64 *Marks & Spencer PLC v. One in A Million Ltd.*, 1998 FSR 265
66 *Sony Corporation v. Setec*, WIPO Case No. D2001-0167
67 *Essel Packaging Limited v. Sridhar Narra Ltd. & Another*, 2002 (25) PTC 233 (Del.)
68 *Yahoo.Inc v. Akash Arora*, 1999 PTC (19) 201 (Del.)
In Anil Ambani Case, the Delhi High Court restrained a person named Ram Prakash from using a website domain www.anilambani.com saying it was a ‘deliberate attempt to play mischief’ with the Chairman of Reliance Industries. The defendant has posted false information in respect of certain business ventures and business strategies of the plaintiff. The court said “the website was a gross misrepresentation to the customers and to the public at large and this conduct was calculative to injure the goodwill and reputation of the plaintiffs. The use of the word ‘anilambani’ in the website by the defendant is a dishonest and unlawful act.”

ii. Typo-Squatting

It is basically purchasing a domain name that is a variation of a popular domain name with the expectation that the site will get traffic off of the original site because of a user’s misspelling of the name. For e.g. registering the domain names ‘webapedia.com’ or ‘yahooo.com’ in the hope that someone making a typing mistake will get to that site unexpectedly.

Typo squatting is indulged in by people who want to divert traffic to their websites. They do this by slightly changing the spelling of famous websites in the hope that netizens will misspell and come to their site. It is a lot like purchasing a domain name that is a variation of a popular domain name with the expectation that some of the traffic for the original site will stray to theirs. This is a dangerous trend because it is indulged in mostly by pornographers. Unsuspecting netizens are tricked into visiting their website because that’s how they earn their money – by attracting traffic. Such methods can also be detrimental to a company – if prospective customers are diverted to porn sites, they could form an unfavourable opinion about the company.

In India, the two important cases where typo-squatting occurred are – Yahoo!Inc v. Victor Majevski a/k/a Marec Polanski & Others, and Info Edge (India) (P) Ltd. v. Shailesh Gupta.

iii. Trademark Dilution by the Use of Meta Tags

a. Meaning of Meta tags

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69 “Court restrains ‘Ambani’ Netizen”, Hindustan Times, January 22, 2008, p. 9
70 Refer to http://www.trafficsquatting.com/02-definitions1.html
Web pages are created using Hypertext Markup Language (HTML), which is a set of special instructions called ‘tags’ or ‘markups’ that lay out how the page is developed and specify links to other documents. HTML allows web page developers to incorporate in the web page graphics, animation, audio, video, databases, and plug-in or helper applications. HTML also allows for hidden commenting known as ‘meta tags’. Meta tags contain keywords used in a computer language called Hypertext Markup Language (HTML) when creating a website. Meta tags are hidden and are not visible to the viewer when a website is accessed normally. During a website’s creation, the website’s designer inserts keywords that describe the contents of the site. These keywords are used by search engines, such as Yahoo or Google, to identify websites.\(^\text{73}\)

One of the keys to navigating the web is the use of ‘search engines’ and ‘web portals’. Search engines and portals provide services to web surfers in an attempt to attract masses to their websites. The concept of a search engine or portal is that individuals use these sites as a starting point to navigate the vast information online. Some of the common search engines are www.google.com, www.yahoo.com, www.altavista.com, www.msn.com, www.excite.com. Web surfers often surf the Internet by keywords, using a search engine. These engines search through a self-created index of websites and generate a list of websites relating to the keyword searched for. The search engines look for the keywords in the following:

(i). Domain Names
(ii). Actual text of the web page
(iii). Meta tags

b. Trademark Infringement through Meta tags

The more often a term appears in a Meta tag, the more likely the web page associated with those Meta tags will appear as a search result for a search of that keyword, and the more likely it will appear higher on the list of websites.

In order to increase traffic to a particular website, a web designer will normally insert a broad range of keywords and phrases as Meta tags. These words and phrases should logically be descriptive or somehow relevant to the website itself. For e.g. a company such as

\(^{73}\) Nandan Kamath, “Domain Names in the Indian Context”, Chartered Secretary, August 2000, pp.963-967
Pepsi may include such words or phrases as ‘pepsi’, ‘cola’, ‘beverages’, ‘carbonated beverages’ and ‘drink’ in their Meta tags in order to attract users to their websites.

There are websites which contains Meta tags that have nothing to do with their websites or are words or phrases related to their competitors in order to increase traffic to their website and divert it from their competitors. This is where trademark infringement occurs.74

Traditional trademark infringement occurs when a person uses another person’s trademark without authorization and such use results in a likelihood of confusion among consumers. When a user types the owner’s trademark into a search engine, the person’s website appears as a match and more often it appears at the top of the page of matches, thus, possibly preceding the listing for the owner’s website. This result in web traffic being diverted from the website of the trademark owner, as well as, misleading consumers into believing that the website they have been diverted to is somehow related to the trademark or the trademark owner.

c. Judicial Approach towards Meta tags

The law regarding infringement of trademark by their unauthorized use in Meta tags is decided in a number of cases discussed below.

In Playboy Enterprises, Inc. v. Calvin Designer Label,75 Calvin Designer had two adult websites, namely, www.playboyxxx.com and www.playmatelive.com. It used ‘Playboy’, ‘Playmate’ and ‘Playboy Magazine’ as meta-tags in its website to cash on the reputation and goodwill Playboy. Playboy alleged infringement of trademark which was agreed by the District Court and permanent injunction was granted enjoining Calvin from using Playboy’s trademarks as domain names or meta-tags.

In Playboy Enterprises, Inc. v. Asiafocus International Inc.,76 in an action against the defendant for trademark infringement, the Court found that the defendants had purposefully embedded Playboy’s trademarks ‘Playboy’ and ‘Playmate’ within its computer source code ‘which is visible to search engines that look for websites containing specific words or phrases specified by the computer user’. Therefore, once a query for ‘Playmate’ is made, the search engine returns a number of websites including that of Asiafocus. The Court concluded that

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consumers would be misled into believing that the website of the defendant is in some way connected to or sponsored by the Playboy. The Court held against the defendant.

In *Playboy Enterprises, Inc. v. Global Site Designs, Inc.*, the Global Site Designs registered two domain names that incorporated Playboy’s trademarks, www.playmatesearch.net and www.playboyonline.net. The words ‘playboyonline’ was also used in the meta-tags of the website. The Court found infringement of trademark and restrained the defendant from using the plaintiff’s trademarks ‘playboy’ and ‘playmate’ as meta-tags or as part of the domain name.

In *SNA, Inc. v. Array,* the defendants were using the plaintiff’s trademark as meta-tags. A block of text repeating the words ‘seawind’, ‘SEAWIND’, ‘seawind’ was inserted. It was observed that it does not matter what the domain name is. The fact that the trademark was used as meta-tags was enough to confuse the Internet users and hence, the defendants were restrained from using the plaintiff’s trademarks as meta-tags.

In *Niton Corp. v. Radiation Monitoring Devices Inc.,* the defendant not only used all trademarks of the plaintiff as meta-tags but also literally copied all the meta-tags that plaintiff had used to design its own website. The Court came to the conclusion that the act of the defendant would probably lead an Internet consumer to believe that the defendant is in some way either connected to or sponsored by the plaintiff. Thus, injunction was granted.

In *Brookfield Communications Inc. v. West Coast Entertainment Corp.,* the defendant used the word ‘MOVIEBUFF’ as meta-tags which the plaintiff claimed to be its trademark. The Court held that consumers on the lookout of plaintiff’s goods might be diverted to the website of the defendant due to use of ‘MOVIEBUFF’ as meta-tag which would influence the search engine results. Further, the Court observed that using a competitor’s trademark in meta-tags causes initial interest confusion which is a form of trademark infringement. The plaintiff owned the trademark ‘MOVIEBUFF’ whereas the defendant used it as a meta-tag. Searching the said word returned links to both parties’ websites. The Court explained that when a user clicked on the link to West Coast’s website, there is no confusion regarding the source of the products (because consumers know they are patronizing West Coast’s website and not Brookfield’s website), but there is initial interest

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80 *Brookfield Communications Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036 (9th Cir. 1999)
confusion because West Coast used the trademark ‘MOVIEBUFF’ capture initial consumer attention and divert people to its website and West Coast improperly benefitted from the goodwill that Brookfield developed in its mark.

4. **Reverse Domain Name Hijacking**

i. **Evolution of the Concept of Reverse Domain Name Hijacking**

The Internet is a multi-purpose medium, and particular domain names are chosen and registered for a wide variety of reasons, commercial and non-commercial. A domain name may be registered to reflect a trademark, or to reflect a name by which the registrant is known. The domain name could also be a geographic name with which the registrant has an association or in which he has an interest. It could be a generic term. It may be that the interest in the name is an interest in using the trademark to identify the subject of genuine comment or criticism.\(^1\) It is in disputes involving these types of registration that the concept of Reverse Domain Name Hijacking (RDNH) comes into play.

ii. **Definition of Reverse Domain Name Hijacking**

RDNH is an attempt by a trademark holder, in bad faith, to take control of a domain name from another, who is not in breach of trademark laws, and who has a legitimate interest in the name. According to UDRP Rule 1, the term ‘Reverse Domain Name Hijacking’ means “using the Policy (UDRP) in bad faith to attempt to deprive a registered domain name holder of a domain name.”

iii. **Prevention of Reverse Domain Name Hijacking**

The issue of preventing RDNH can be divided into following 2 elements:

a. **Protecting legitimate Registrants**

Protecting the ‘right’ to a domain name registered by someone with legitimate interests in that domain name. Where the registrant is not in breach of trademark laws, and is not a cyber squatter, there are no rule, and indeed no reason, why the registration of the domain name should be set aside.\(^2\)

b. **Deterring trademark holders from misusing ownership**

The deterrence of bad faith attempts by trademark holders to have domain names transferred to them. Clearly a trademark holder has right to take action to gain control of a domain name consisting of their trademark from an infringing registrant or a cyber squatter.

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\(^1\) *Playboy Enterprises Inc v. Calvin Designer Label*, Civ. No. C-97-2104 (N.D. Cal., September 8, 1997)

Attempts to do this, in good faith, in which it transpires that the registrant is not in fact a cyber squatter, but instead has legitimate rights in the name, are not deserving of censure; but what is deserving of such is are deliberate attempts to take domain names from registrants who are not cyber squatters nor breaching trademark laws.
iv. Remedies Available to a Victim of Reverse Domain Name Hijacking

A victim of RDNH can feasibly seek Court review of the panel’s ruling. But this remedy is somewhat illusory because of the following reasons:83

1. The losing respondent is at a significant disadvantage in the Court review process. The difficulty of obtaining review of a panel decision is due primarily to the fact that the losing registrant has only 10 days to file a complaint in Court before the domain name is transferred.84

2. The 10 day period is constraining for registrants who have not yet retained an attorney and for foreign domain name registrants who must either file a complaint in the United States and thus, lose their home forum or file under the procedures of their home country (which may not be amenable to a 10 day filing requirement). On the other hand, a losing complainant can wait indefinitely before seeking Court review.

v. Uniform Dispute Resolution Policy and Reverse Domain Name Hijacking

The NSI Dispute Policy used to facilitate RDNH, since a trademark owner could easily put a hold on a registrant’s domain name without any showing of trademark infringement. Even if the alleged infringer had a right to use the domain name, the prospect of going to trial (where fines may be levied) was enough to persuade many domain name holders to settle with the complainant. This flaw was recognized by ICANN, and the rules of UDRP explicitly forbid RDNH. The substantive prevention of RDNH is located in paragraph 4 (c) of the Uniform Policy, which provides that the domain name holder may escape liability by demonstrating his right to and legitimate interest in the domain name.

a. Deficiency in the UDRP

There exists virtually no punishment for reverse domain name hijackers in the UDRP. The only penalty provided by the Rules (other than denying the transfer) is that the decision reporting a bad faith complaint must be published. Although this punishment may be inadequate, it is difficult to envision a more harsh sanction without giving arbitrators more power than simply that of transferring or cancelling domain names.85 The more dangerous problem with the UDRP is that its substantive portions do not serve to effectively block


84 See UDRP Rule 4 (k)

85 Playboy v. Terri Welles, Civ. No. C-97-3204 (N.D. Cal, September 8, 1997)
reverse domain name hijackers. In fact, the Policy, by and large, is used as a means to facilitate this activity. Under the NSI Policy, a reverse domain name hijacker would be forced to bear the expense of going to court, a prospect that would presumably filter out some bad faith claims. However, under the cheap and easy UDRP, a trademark owner can grab any domain names that are similar to its trademark while bearing only the expense of the panel, which could range from $950 to $2,000 for a single member panel, exclusive of attorney’s fees.

b. Role of Arbitration Panels

Even if the provisions of the Uniform Policy were written to prevent RDNH more explicitly, it remains up to the panel to properly enforce these terms. However, since the beginning of the dispute resolution process, some panels have shown little regard to the requirements of the dispute resolution policy, both in terms of ‘no rights or legitimate interests’ requirement and the ‘bad faith’ requirement’. In several cases, instances of arguable domain name hijacking have been ignored and the domain name transferred without much argument.

vi. Judicial Approach toward Reverse Domain Name Hijacking

In Fiber-Shield Industries, Inc. v. Fiber-Shield Ltd., the complainant, the registered trademark owner of ‘FIBER-SHIELD’, brought a complaint against a Canadian corporation, seeking the transfer of the domain name ‘fibershield.net’. Under the UDRP, the respondent had a legitimate interest in the domain name since there was evidence that it had been commonly known by the domain name. In addition, there did not seem to be any evidence of bad faith on the part of the respondent. However, the panel transferred the domain name to the complainant because the “respondent does not claim any rights superior to the trademark registration of the complainant of the name ‘fiber-shield’.”

The UDRP explicitly stipulates that the registrant can show a legitimate interest in a domain name ‘even if the holder has acquired no trademark or service mark rights.’ Thus, a trademark owner, merely by owning a trademark, is not automatically entitled to domain names encompassing all permutations of the mark; some malfeasance on the part of the domain name holder is required. Therefore, even though the panel found that the respondent registered ‘fibershield.net’ with ‘actual awareness’ of a confusingly similar prior registration

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86 Fiber-Shield Industries, Inc. v. Fiber-Shield Ltd. NAF Case No. FA92054 (Feb. 29, 2000), at http://www.arbforum.com/domains/decisions/92054.htm (last visited on Nov. 8, 2005)
as the complainant had already registered ‘fibershield.com’, this finding alone was not enough for a transfer of the domain name. Under the UDRP, if a domain name holder is legitimately using a domain name, the complainant is not entitled to the domain name, regardless of whether or not the holder knew of the complainant’s confusingly similar registration.

In *Home Interiors & Gifts, Inc. v. Home Interiors*, the complainant owned registered trademark in ‘Home Interiors’ and ‘Home Interiors & Gifts’. It filed a complaint against the registrant of ‘homeinteriors.net’ and ‘homeinteriorsandgifts.com’. The panel did not find that any of the activities constituting bad faith were met, but transferred the domain name nonetheless. The panel justified its decision by analyzing the likelihood of consumer confusion, but did not offer any reason for finding bad faith.

In *Goldline International Inc. v. Gold Line*, the complainant, Goldline International, was a business dealing in goods and services relating to coins and precious metals. The respondent, Gold Line Internet, was the business name for an individual who ran a consulting business specializing in intellectual property, including intellectual property arising from the use of vanity domain names and 800 telephone numbers.

The required ‘bad faith’ registration and use of the domain name ‘goldline.com’ was claimed by the complainant primarily because of a claimed likelihood of confusion with the complainant’s name, even the two businesses had nothing to do with each other and were unlikely to be confused with each other in actuality. Moreover, the panel found that the respondent had brought this and other factors undermining the case, to the complainant’s attention before the case was commenced.

In finding that the complainant had engaged in prohibited reverse domain name hijacking, the Goldline panel noted, “complainant’s action in this case constitutes bad faith. Prior to filing its complaint, complainant had to know that complainant’s mark was limited to a narrow field, and that respondent’s registration and use of the domain name could not, under any fair interpretation of the facts, constitute bad faith. Not only would a reasonable investigation have revealed these weaknesses in any potential ICANN complaint, but also, respondent put complainant on express notice of these facts and that any further attempt to prosecute this

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matter would be abusive and would constitute RDNH. …. Complainant’s decision to file its complaint in the face of those facts was in bad faith. Accordingly, the panel finds that complainant had engaged in RDNH. The panel held that “to prevail on such a claim of RDNH, respondent must show that complainant knew of the respondent’s unassailable right or legitimate interest in the disputed domain name or the clear lack of bad faith registration and use, and nevertheless brought the complaint in bad faith.”

In Smart Design LLC v. Hughes, \(^{89}\) the panel concluded that the complainant committed RDNH even though it did not explicitly find bad faith. The complainant made allegations that the respondent acted in bad faith in reckless disregard of whether the facts underlying its claim supported that finding. The panel found, “the panel is unable to assess the complainant’s state of mind when the complaint was launched, but in view of the panel the complaint should never have been launched. Had the complainant sat back and reflected upon what it was proposing to argue, it would have seen that its claims could not conceivably succeed.

In Societe des Produits Nestle S.A. v. Pro Fiducia Treuhand AG, \(^{90}\) the Nestle Company sought to recover the ‘magic.com’ domain name for one of its subsidiaries. The respondent did not then have a website, but it claimed to have been developing one for personal use and for use of a family foundation. There had been failed negotiations between the complainant and the defendant that were omitted from the complaint, an omission to which the panel strongly objected and observed: “as a result of its rather lengthy dealings with Mr. Maggi, complainant was aware that Mr. Maggi intended to use the domain name for personal use, yet complainant ignores these negotiations in the complaint and fails to even mention respondent’s alleged personal interest in the domain name.” consequently, the panel not only declined to grant the relief requested by Nestle, but it found the complainant to be in bad faith as well and guilty of RDNH.

In Bally Total Fitness Holding Corp. v. Faber, \(^{91}\) the respondent, a US citizen (Andrew Faber), opened a site called ‘Bally’s Sucks’, after Bally Total Fitness (a large chain of fitness centres) reneged on a deal to give him a lower rate and more privileges in return for a year’s membership. The site included criticism by Faber of the company, a guestbook for


\(^{91}\) Bally Total Fitness Holding Corp. v. Faber, 29 F. Supp. 2d 1161
visitors to air their protests, and instructions on how to cancel an account at Bally’s, amongst other information. The plaintiff sued Faber for trademark infringement, trademark dilution and unfair competition. The Court found no likelihood of confusion between plaintiff’s mark and defendant’s ‘Bally Sucks’ website. The Court observed: “no reasonable consumer comparing Bally’s official website with Faber’s site would assume Faber’s site ‘to come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner. …. ‘Sucks’ has entered the vernacular as a word loaded with criticism. Faber has superimposed this word over Bally’s mark. It is impossible to see Bally’s mark without seeing the word ‘Sucks.’ Therefore, the attachment cannot be considered a minor change.” The Court refused to transfer the domain name to the plaintiff.

In Comp USA Mgmt Co. v. Customized Computer Training, the panel allowed the respondent to retain the domain names ‘www.stopcompusa.com’ and ‘www.bancompusa.com’ over CompuUSA’s protests, holding the, “there is absolutely no confusion or similarity, much less identity, between the domain names and trademarks held by complainant CompuUSA. No one could confuse ‘COMPUSA’ or any one of the registered trademarks, and ‘STOPCOMPUSA.COM’ and ‘BANCOMPUSA.COM’.” The panel further observed, “after reading the pleadings, the panel is left with a bad taste. Here, a large company, faced with criticism from an individual, had attempted to use this process and procedure to stifle that criticism. If the actions and conduct of respondent are wrongful, then the complainant has access to the Court of law, where the truthfulness of the allegations made by respondent can be challenged. Use of this forum by complainant in this context is inappropriate and constitutes ‘cyber-bullying’.

These cases reinforce the nation that the rights of trademark owners on the internet are limited. The UDRP procedure was established to handle only limited types of cases. The purpose of the law is to prevent cyber squatting, and not the right of free speech of internet users. These cases make it clear that it is possible for a company to have a valid trademark and yet fail in a cyber squatting action.

C. COPYRIGHT ON THE INTERNET

I. Overview of the Law on Copyright

i. Introduction

92 Comp USA Mgmt Co. v. Customized Computer Training, NAF Case No. FA95082 decided on August 17, 2000, the full text of the decision is available at http://www.arbforum.com/domains/decisions/95082.htm
The boundaries of intellectual property jurisprudence have always been marked by the developments in the technological world. The Copyright Law being one of the obvious forms of intellectual property is no exception. Over the past two centuries, copyright regime has challenged time and again by ever growing technology and as a legal and institutional response to such challenges, the law of copyright itself has developed immensely. Similarly, the emergence of digital and information technologies towards the last two decades of the 20th century as the defining paradigms of new age communication have raised a whole new set of challenges to the copyright regime. On one side, these new technologies and innovations present rewarding promises to the copyright owners in terms of widening markets, however, on the other side the same technologies seem to pose a threat to the copyright owner with a loss of control over his own ‘intangible’ property.93

As more and more digital products in network environment are emerging, efficient management and controlled distribution of such products have become one of the important considerations among all stakeholders. Under the era of internet, the copyright owners find themselves under a constant threat of losing control over their products. Because of the inherent difficulties underlying for the purposes of enforcing copyrights against the individual/internet users globally, the copyright owners have arguably found the answer to this ever growing problem by placing legal liability for copyright infringement on those who allow and enable Internet copyright infringers to exist, namely the Internet Service Providers (ISPs). To what extent ISPs can be held accountable has become one of the most critical issues in entire copyright jurisprudence.94

ii. WIPO Treaties

Copyright protection on the Internet being fairly new phenomenon, most of the treaties providing protection to the copyright does not visualize the phenomenon of advent of Internet or digital technology. At the international level, neither the revised Berne Convention directed at authors, nor the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations dating from 1960, contained provisions tailored specifically towards the exploitation of works in digital form. Therefore, it was found expedient to update the copyright laws because of the dynamism and exigencies of the digital

94 Whelan Associates Inc v. Jaslow Dental Laboratory, (1987) FSR 1
technology. The consistent and concerted effort of the international community to respond to
the technological challenges resulted in the form of concrete initiative under the aegis of
World Intellectual Property Organization (WIPO). The WIPO being a specialized agency of
the United Nations Organization (UNO), responsible for the promotion of the protection of
intellectual property throughout the world, started in the year 1989 examining the revisions
needed in the multi-lateral conventions, specifically in the Berne Convention in the light of
the new technologies. The result of a Diplomatic Conference organized by WIPO in
December 1996 resulted in the formation of two treaties, viz. the WIPO Copyright Treaty
(WCT) and the WIPO Performances and Phonograms Treaty (WPPT).

These treaties are also known as Internet Treaties as they seek to address the issue of
copyright protection on the Internet. The WCT and WPPT address the issue in the following
3 ways:

1. By clarifying the existing provisions in the Berne Convention and in the Rome
Convention and in some cases, reaffirming the interpretations generally adopted;
2. By giving new interpretations to the existing provisions by widening their scope;
3. By adding new provisions on rights and obligations so as to cope up with the creation,
adoption, transmission and distribution of works in the digital medium.\(^{95}\)

At the domestic level in India, the relevant law which governs the issues at hand is the

iii. Registration of Copyright

The \textit{sine qua non} to the existence of copyright, is the expenditure of skill and labour
on any work which originated from its author and unless the original work on which skill and
labour has been expended by its author is produced in Court to \textit{prima facie} show that the
work has originated from the author, it cannot be said that there is copyright in the work.\(^ {96}\)

In \textit{Kumara Kanaka v. Sundararajan},\(^ {97}\) it was held that Section 44 of the Copyright
Act, 1957 provides for registration of a work in which copyright subsists but registration of

\(^{95}\) Supra note 93, p. 280
\(^{97}\) \textit{Kumara Kanaka v. Sundararajan}, (1972) Ker LR 536; See also \textit{Satsang v. Kiron Chandra}, AIR 1972 Cal. 533
copyright is not compulsory either for acquiring copyright or for enforcing the copyright by infringement suit. Clearly, copyright subsists as soon as the work is created and given a material form.

The registration of copyright shall be prima facie evidence of the particulars entered therein.\(^{98}\) The registration only raises a presumption that the person shown is the actual author. Of course, the presumption is not conclusive but where contrary evidence is not forthcoming, it is not necessary to render further proof to show that the copyright vested in the person mentioned in the register.

The Copyright Office maintains a Register of Copyrights containing the names or titles of works and the names and addresses of authors, publishers and owners of copyright and other particulars as may be prescribed.\(^{99}\)

Since websites are relatively new, both in terms of content and technology, it becomes contentious to figure out under which part one could register the entire website. Websites are generally a combination of text, images, graphics, sound and video. So, individually each category of work could be registered under the corresponding part. For e.g. the textual component of a website could be registered under Part I as a literary work and the sound component could be registered under Part V as sound recording.

The real problem arises with regard to registering the website as a whole, which could contain content in the form of multimedia, a combination of different copyrightable work. There is no provision under the existing Indian Copyright Law which specifically talks about multimedia works. But registering multimedia works which is nothing but a combination of many media is not unknown to the Copyright Act, 1957. Under Part IV of the Copyright Act, cinematograph films could be registered which is a combination of various works existing in different media. Website content, strictly speaking, cannot be described as ‘cinematograph film’ but since it is a combination of several media, it should be possible to register it under

\(^{98}\) The Copyright Act, 1957; Section 48
\(^{99}\) Ibid., Section 44 The Register of Copyrights is kept in 6 parts as follows:
- Part I – Literary works other than computer programs, tables, compilations including computer databases and dramatic works.
- Part II – Musical works
- Part III – Artistic works
- Part IV – Cinematograph films
- Part V – Sound recordings
- Part VI – Computer programs, tables and compilations including computer databases
Part IV. Moreover, every website has a software component to it, so it can also be registered under Part VI as a computer program.

iv. Protection of Multimedia Works

Digital technologies have made possible the creation of works with much more versatility than in the past. A work may now consist of several copyrights viz. literary, artistic, musical and dramatic elements and may also include a phonogram and a cinematographic film. Being a combination of different types of copyright work, a multimedia work by its very nature combines different elements, such as text, sound, still visuals and moving images, into a single medium. Increasingly, works from different categories are being fixed in a single medium of expression. Works protected by copyright have become less and less differentiated by type and more and more equivalent to one another because they are in the same medium. This equivalence of works in the digital form has made it increasingly easy to create a difficult-to-classify work by combining what have previously been thought of as separate categories of works for copyright purposes. It has given rise to the consideration of forming a separate category under the present Copyright Laws for future.\textsuperscript{100}

Now, anybody using internet can ‘interact’ with the copyrighted work in different ways completely unknown previously. One can make alterations and additions and even create a new work out of the stock of existing ones. If the rights for all classes of work were the same, then perhaps, this would not have been a major issue. But the law as it stands in India distinguishes between different classes of works in the matter of rights. For e.g. the right in a literary work and those in a cinematographic film are different. There is no rental right in a literary work, whereas there is such a right in cinematographic film.\textsuperscript{101} The authorship may raise another problem, as the criterion of authorship is different between literary, dramatic, musical and artistic works on the one hand and cinematographic films and sound recordings on the other hand.\textsuperscript{102}

What kind of protection does a multimedia work attract in its individual combination of component parts? The question is how to qualify digital off-line and on-line media from a copyright perspective. The significance of the issue lies in the fact that the relevant


\textsuperscript{101} Supra note 98, Section 14 (a) and (d)

\textsuperscript{102} Ibid., Section 2 (d); See also T.C. James, “Indian Copyright Law and Digital Technologies”, Vol. 7, No. 5, \textit{Journal of Intellectual Property Rights}, 2002
categorization entails different legal consequences and the presence of multimedia work defies existing classification under the copyright law. Certainly, it is not a new type of work to the extent that a multimedia product can fall under one or several, already existing, categories. Protection of the individual elements of a multimedia work must not be confused with protection of the multimedia production as a whole. In accordance with the existing provisions of the Copyright Act it remains possible to dispose of the individual contributions separately, even after the individual elements have been combined in one single work.

The actual classification of a particular multimedia product will depend on the type of work and on the different and specific characteristics of each individual multimedia product. Therefore, it has to be decided on a case-to-case basis. To the extent it is a literary work, it gets protected as such; to the extent it is a cinematographic work, it attracts copyright protection as a cinematographic work and to the extent it is a pure phonogram, its producer is protected. The final interpretation, of course, will then often be in the hands of the Courts.

v. Multimedia under the Copyright Act, 1957.

It is possible to consider and treat multimedia products as works similar to cinematographic film in the sense of the Copyright Act.\textsuperscript{103} It seems reasonably possible to classify and treat multimedia productions as collections of literary or artistic works in the sense of the Berne Convention\textsuperscript{104} and also fall under the category of compilations of data or other material in the sense of the TRIPS Agreement.\textsuperscript{105} There seems to be a consensus to the view that multimedia should be classified as a computer programme since every multimedia work will have a software component. As there are separate provisions for rights and authorship of a computer programme distinct from literary works in the Copyright Act, this could perhaps be a possible solution. However, issues may arise on the retention of separate copyrights in the works incorporated in the multimedia, in terms of the provisions of the Copyright Act\textsuperscript{106} and the right of the performers in the product.\textsuperscript{107} At present, a large number of multimedia works are being created by combining pre-existing works. The classification of

\begin{enumerate}
\item[\textsuperscript{103}] \textit{Ibid.}, Section 2 (f)
\item[\textsuperscript{104}] Berne Convention; Article 2 (5)
\item[\textsuperscript{105}] TRIPS Agreement; Article 10 (2)
\item[\textsuperscript{106}] \textit{Supra note} 98, Section 13 (4) provides: “the copyright in a cinematograph film or a sound recording shall not affect the separate copyright in any work in respect of which or a substantial part of which, the film, or as the case may be, the sound recording is made”.\textsuperscript{106}
\item[\textsuperscript{107}] \textit{Ibid.}, Section 38 (4) provides: “once a performer has consented to the incorporation of his performance in a cinematograph film, his performer’s right in that performance ceases to exist, whereas in case of other classes of works there is no such provision.”
\end{enumerate}
multimedia works is an issue, which needs to be looked into in depth, requires much needed deliberations, appropriate strategies and much awaited institutional responses.

Indeed, there is nothing new in the combination of several types of works within one larger work or on one data carrier; phonograms and cinematographic works are examples from the past. What is innovative is that text, sound and visual information is now being presented and stored in digital form. However, it would neither advisable nor desirable to equate all multimedia works with the existing category of cinematographic works. The fact is that a multimedia work taken as one single product does not exactly fit any of the existing categories of work protected under the regime of copyright. The fact that digital products are vulnerable not only to copying of the whole work but also vis-à-vis copying of parts of the work poses additional problems. Clearly, unauthorized appropriation of parts of a work only amounts to infringement of copyright where the relevant part attracted protection as such.

In nutshell, it still remains to be decided whether multimedia works should be regarded as a separate category of works protected under the regime of copyright. Since it has not yet been clarified to what extent multimedia works fall within one of the above-mentioned types of work, it may be appropriately pointed out in the legislation that a work can consist of the combination or merging of other works. Undoubtedly, this would ensure that the pre-requisites of protection were not examined separately but in relation to the multimedia work as a whole, which would enable protection of the interactivity so characteristic of many multimedia works, provided that it fulfills the originality requirement.¹⁰⁸

2. Linking
   i. Introduction

The interactive feature of the Internet’s most popular information access tool, the World Wide Web (www), is to hyperlink which basically defines its very nature distinguishing it clearly from any other communication medium. On the Internet, a link is a selectable connection from one word, picture, or information object to another. Links usually appear as highlighted, underlined, otherwise prominent text or picture that can be selected by the user, resulting in the immediate delivery and view of another file. The highlighted object is referred to as an anchor. The anchor reference and the object referred to constitute a ‘link’. Linking can be classified into 2 types. When the home page of a site is linked, it is the case of

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surface linking. When a link bypasses the home page and goes straight to an internal page within the liked site, it is the case of deep linking.

The web was built for the purpose of enabling hypertext capabilities, allowing one site to link to and access another. In most cases, the owner of a web page will desire the page to be the destination of as many links as possible because more links would mean more hits, and more hits would in turn mean wider dissemination of whatever information the page is designed to get across. Typically, website owners used to make money from the advertising on their sites and the rate of advertising is set keeping in mind the number of people who visit the site. So, from a purely economic point of view, the website owners have good incentive to encourage the practice of linking.109

However, the problem quite often arises with respect to the practice of deep linking. The home page of a website is quite often used as the entry point to information contained within the website. It typically welcomes users, explains the nature of the site and offers links that allow the user to navigate through the site. Deep links defeat a website’s intended method of navigation. Further deep links may ‘steal’ traffic from the linked site’s homepage thereby decreasing the revenue that could be generated from advertising that is dependent on the traffic onto the site. A link is just a URL, the Internet address of a website and therefore, not copyrightable. But this technology of hyper-linking may aid in the distribution of creative material that belong to someone else.

In Ticketmaster Corp. v. Microsoft Corp.,110 Ticketmaster Corporation sued Microsoft for Microsoft’s practice of linking, without permission, deep within its site rather than to the home page, and claimed, among other things, that Microsoft effectively diverted advertising revenue that otherwise would have gone to the plaintiff. Ticketmaster Corporation had also entered into contract with other firms whereby those firms had agreed to pay to link to the Ticketmaster site. Free linking by Microsoft to the plaintiff’s site could have devalued those contractual relationships. Ticketmaster had also contracted to give ‘Master Card’ prominence at its site. Microsoft’s bypassing of the home page threatened the ability of Ticketmaster to comply with that contract. Allowing such a free link undercut Ticketmaster’s flexibility both in designing its site and in its marketing efforts and arrangements with other sites. During the pendency of the Court proceedings the parties entered into a settlement.

109 John Richardson Ltd. v. Flanders, (1993) FSR 497
110 Ticketmaster Corp. v. Microsoft Corp., No. 97-3055 (CD CA-1997)
agreement whereby Microsoft agreed not to link to pages deep within the Ticketmaster site and agreed that the links will point visitors interested in purchasing tickets to the ticketing service’s home page.

In *Intellectual Reserve, Inc. v. Utah Lighthouse Ministry, Inc.*, the plaintiff, Intellectual Reserve, held a copyright in the Church Handbook of Instructions. After being directed by the Court to remove the handbook from its website, defendants posted a message on its website that informed users that the handbook was online. The message went on to provide users with the URLs of three websites at which the handbook was posted. The plaintiff sought a preliminary injunction enjoining defendants from continuing to post such messages to their site which, plaintiff claimed, constituted contributory infringement of its copyright in the handbook. The Court issued the requested injunctive relief and further held that by posting a message on their website providing users with the location of infringing materials and apparently aiding a user in viewing the infringing websites, the defendants had committed contributory infringement.

In *Shetland Times Ltd. v. Dr. Jonathan Wills and Another*, Shetland Times operated a website through which it made available many of the items in the printed version of its newspaper. The defendants also owned and operated a website on which they published a news reporting service. Defendants reproduced verbatim a number of headlines appearing in the Shetland Times. These headlines were hyperlinked to the plaintiff’s site. Clicking on the headline took the reader to the internal pages in the plaintiff’s site on which the related story was found. The Judge agreed that the plaintiff had presented at least a *prima facie* case of copyright infringement based upon the United Kingdom’s law governing cable television program providers. He found that the articles were being sent by the Shetland Times but through the website maintained by the defendants. In the process, the front page of the Shetland Times website on which paid advertisements appeared was bypassed, significantly diminishing the value of the site to potential advertisers. The Court issued an interim interdict barring defendants, without the plaintiffs consent, from copying headlines from the plaintiff’s newspaper onto their website, and creating hyperlinks from those headlines to the location on the plaintiff’s site on which the article described in the headline appears. Thereafter, the case

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112 *Shetland Times Ltd. v. Dr. Jonathan Wills and Another*, (1997) FSR 604
was settled out of Court by the parties whereby the defendants agreed not to deep-link into the site of the plaintiff.

In Verlagsruppe Holtzbrinck v. Paperboy,\footnote{Verlagsruppe Holtzbrinck v. Paperboy, Ruling of the German Federal Court of Justice decided on July 18, 2003} it was held that the defendant, Paperboy, an online search engine, neither violated copyright nor competition law for providing deep links to the plaintiff’s website. A website which campaigns against legal attempts to stop deep linking, the plaintiff’s argument against the headline scraper was that such deep links are illegal, because they ‘take users directly to new articles, bypassing introductory pages and advertising, thus depriving the plaintiffs of revenue from their advertisements.’ The question here is couldn’t the plaintiff, publishing firm Verlagsruppe Holtzbrinck, sell more advertising on the traffic generated by deep links to interesting stories? Most Internet publishers welcome a deep link to a story, courtesy of a Slashdot or a Drudge Report, or a prominent position on Google News. They know this traffic isn’t going to come along every day, and they know it isn’t ‘their’ traffic. The Court also thought the plaintiff’s demand that users must start with the home page was unreasonable. It further emphasized on the importance of deep links for the Internet and that it is up to the plaintiff to prevent deep links with technical measures, if they don’t like them.

\textbf{ii. Liability for Linking under Indian Law}

A hyperlink used by a website does not directly cause copying of any substantive content by anyone, but instead merely provides a pointer to another site. A surface link to a home page does not generally require permission. This position is based on the theory that going online creates an implied license for anyone with a computer to view the website. Simply placing a surface link is no more an infringement than the library catalogue.\footnote{G.R. Ferrera, S.D. Lichtenstein, M.E.K. Reder, R. August, W.T. Schiano, Cyber Law: Text and Cases, 71 (West, 2001)} The very fact that a person or an entity has put up a website is in itself an invitation to all to visit the site. So, the owner of a website should indeed be happy that someone has provided a link to his website. But what exactly can be the liability for a deep link under the Copyright Act, 1957? By virtue of the Copyright Act, 1957 ‘reproducing any copyrighted work, issuing copies of the work to the public or communicating the work to the public’ could amount to the copyright violation.\footnote{Supra note 98, Section 17 and 51} But in case of deep linking, the linking site is not reproducing any work. The reproduction, if at all, takes place at the end of the user who visits the linked page.
via the link. Whether the linking site said to be issuing copies of the work or communicating it to the public? Technically, the linking site is only informing people about the presence of the work and giving the address of the site where the work is present. It is the user’s discretion to access the work by clicking the link. Nevertheless, the linking site is definitely aiding in the distribution of the work.

Now, looking the matter from a converse angle, the Copyright Act says that communication to the public means “making any work available for being seen or heard or otherwise enjoyed by the public directly or ‘by any means of display’ or diffusion other than by issuing copies of such work regardless of whether any member actually sees, hears or otherwise enjoys the work so made available.”

This definition of communication to the public could be stretched to cover the communication of contents of a website on the Internet as the expression ‘by any means of display’ has been used to define communication. Without deep linking, the Internet as we know it would collapse. For e.g. one couldn’t have a search engine. But some grey areas do need to be addressed. It is quite different for a search engine to deep link than a competitor of e-business website to do the same. Deep linking to commercial Internet databases without the permission of the content owner could raise many problems. It would be difficult for any business to see its content being used by a competitor for free just because the new technology allows. Many publishers are moving to block permanent deep links, as more free content moves behind registration screens or are shepherded after a few days into paid-for archives. But many websites would welcome deep links as well.

So, what could be the best possible solution? Whether the law be amended to stop deep linking without permission of the owner of the content or whether the law provide complete immunity to links of all kinds? Looking at different foreign jurisdictions, perhaps no law till date has put a ban on deep linking. There are indeed problems in doing so. On one hand, one has to consider the rights of the owner of the content and, on the other hand, the interest of the society for which growth of the Internet is all important. Undoubtedly, the international conventions, treaties and instruments do emphasize the importance of control in the hands of the content owner, but specifically they have not dealt with the problem of deep linking. The Indian position also seems to be on the same line. The current provisions of the Copyright Act seek to check the unauthorized use of someone’s content through deep linking.

116 Ibid., Section 2 (ff)
Further, the Courts can fill the vacuum by deciding the same from case to case basis, if a deep link has been created with bad intent and in order to derive unjust enrichment out of somebody’s content then it could be injunctioned.\textsuperscript{117}

Before linking deep within a website, the prudent course for businesses and individuals would be to seek permission. And for the creators of a website, who want that it is not linked to a pornographic or shabby site, they could place a prohibition in its ‘terms of use’ similar to ‘do not link to this site without our express consent.’ Whether one could be liable for linking to a site that includes illegal material? Perhaps, one of the possible way is to post a disclaimer on the site indicating that the links are for information only, and do not constitute an endorsement or approval of the material on the linked sites.

\textbf{iii. Inlining}

Inlining or ‘In-line linking’ enables a web page to summon different elements from diverse pages or servers to create a new web page. Instead of copying the elements to the composite page, the elements are linked in by ‘pulling in’ graphic or image files from another site and displaying on the composite web page. Thus, the composite page would consist of a series of links to other sites and servers. While browsing the composite page, the page directs the browser to get the pictures, graphics etc. from the original sources. A typical example could be a web page on art that contains images stored around the world. The web page could contain the text ‘see my favourite paintings’. Using an inline link, the web page then could direct the visiting browser to retrieve the images of famous paintings from the web page of various museums and place it immediately below the text. To the end-user, the integration of the two pieces of content (text and pictures) is seamless, despite the fact that they were taken from two very different sources. The viewer cannot perhaps distinguish that the image has originated and been imported from a separate site and may never come to know that it was not created or stored at the site being visited by him. Clearly, in this respect, inlining is different from deep linking where the user is usually aware that he has ‘changed pages’ either from the different appearance of the newly accessed page, or from the change in the URL address displayed in the web browser.

In \textit{Leslie A. Kelly v. Arriba Soft Corporation},\textsuperscript{118} a visual search engine (ditto.com, formerly known as Arriba) crawled the web to produce thumbnail images of photographs and

\textsuperscript{117} \textit{Computer Associates Inc v. Altai}, (1992) 23 USPQ 2d 1241
used them to link to the original pictures. Leslie Kelly, a professional photographer was upset that the search engine reproduced thumbnails of the images on his site which, when clicked, produced the full size image in a window on Arriba’s site. The page used so-called in-line linking to display the original full-sized image, surrounded by text describing the size of the image, a link to the original website, the Arriba banner, and Arriba advertising. Kelly filed suit on April 6, 1999, alleging copyright infringement. The California District Court ruled that both the creating of the thumbnails and the in-line linking is justified under the fair use doctrine. On appeal by Kelly, the Ninth Circuit Court of Appeals affirmed and reversed in part the District Court’s decision. The display of the tiny images was deemed to be legal fair use, but not the in-line linking. On Feb.6, 2002, the US Court of Appeals for the Ninth Circuit held that the unauthorized inline linking to images residing on the copyright owner’s website violates the copyright owner’s right of public display. The Court rejected defendant’s fair use defence and stated that inline linking diminishes the opportunities of the copyright owner to sell or license the images on his own website. The Electronic Frontier Foundation (EFF) filed a brief, thereafter, urging the Court to reconsider the part of its ruling on inlining to copyrighted images. The EFF argued that the ruling against ‘inline linking’ threatened to transform everyday website activities into copyright infringements. In July, 2003 the Court withdrew that portion of its opinion, which was relating to inlining, leaving it to the lower court to take a fresh look at the issue. It is now open for the Court to reconsider whether inlining is violative of copyright or not.

iv. Inlining and Indian Law

In order to test the legality of inlining, the provision of the Copyright Act, 1957 which states that, “reproducing any copyrighted work, issuing copies of the work to the public or communicating the work to the public could amount to copyright violation” has to be examined.119 The person who employs an inline link on his site is not causing any reproduction of the copyrighted content. This is because the link’s creator never copies the pirated content, instead merely provides a visiting browser with instructions to retrieve the image, which is then incorporated into the overall page on the user’s site. Thus the only person who copies the protected image is the final user who never comes to know that his browser is fetching different elements from different sites. So, the reproduction, if at all any,

118 Leslie A. Kelly v. Arriba Soft Corporation, Case No. 00-55521, US Court of Appeals for the Ninth Circuit
119 Supra note 98, Section 15 read with Section 14
takes place at the end of the user who visits the linked page via the link. Also, the creator of the inline link is not issuing copies of the work nor communicating or distributing the work to the public. But he can be said to be aiding in such communication and distribution.

Looking from another angle, the definition of ‘communication to the public’ in the Copyright Act could be extended to cover the communication of contents of a website on the Internet as the expression ‘by any means of display’ has been used to define communication to the public.\textsuperscript{120}

The Copyright Act grants the right of adaptation only to the owner of copyrighted work.\textsuperscript{121} By inlining the inlining site could take some elements from the linked site’s multimedia settings and create its own site, thereby affecting the right of making a derivative work of the linked site because taking some elements from the multimedia settings and combining them with some other could well fit into the definition of adaptation.\textsuperscript{122}

So, adaptation rights do come in picture vis-à-vis inlining. Further, inlining brings in the question of moral rights as well. The Copyright Act, 1957 which talks about ‘author’s special rights’\textsuperscript{123} provides that “independently of the author’s copyright, and even after the assignment either wholly or partially of the said copyright, the author of a work shall have the right to claim the authorship of the work and to restrain or claim damages in respect of any distortion, mutilation, modification or other act in relation to the said work which is done before the expiration of the term of copyright if such distortion, mutilation, modification or other act would be prejudicial to his honour or reputation.”

Firstly, the copyright author has right to claim the authorship of the work. In case of inlining, the user is quite confused about the original source and hence may never come to know about the author of an inlined work as the user may never know from where different elements of the site have emanated. So, the practice of inlining may implicate the moral right of the author.

\textsuperscript{120} Ibid., Section 2 (ff)
\textsuperscript{121} Ibid., Section 14 (a) (vi)
\textsuperscript{122} Ibid., according to Section 2(a), ‘adaptation’ means –
(i) in relation to a dramatic work, the conversion of the work into a non-dramatic work;
(ii) in relation to a literary work or an artistic work, the conversion of the work into a dramatic work by way of performance in public or otherwise;
(iii) In relation to a literary or dramatic work, any abridgement of the work or any version of the work in which the story or action is conveyed wholly or mainly by means of pictures in a form suitable for reproduction in a book, or in a newspaper, magazine or similar periodical;
(iv) In relation to a musical work, any arrangement or transcription of the work; and
(v) in relation to any work, any use of such work involving its rearrangement or alteration.
\textsuperscript{123} Ibid., Section 57
Secondly, the author of the copyrighted work has a right to see that his work is not being distorted, mutilated or modified. Copyrighted graphic image could be pulled into a site with its image appearing on a single page combined with other images, thus creating another work, virtually new and different from the original, thereby strongly implicating the right to integrity of the work. The combination of various elements could be termed as modification or even mutilation in certain circumstances.

Whether the law be amended to outlaw inlining or to allow this practice? The Copyright Act talks about various rights of owners and authors of works and describes situations where these rights can be infringed. So, there is no need for the law to be changed as such in this regard. A complete ban could restrict the growth of the Internet. At the same time owner’s content should not be subject to exploitation by one and all. In this situation, it is for the Courts to decide upon the legality/illegality of inlining from case to case. The measure would always be the Copyright Act, the philosophy of which is amply clear. In case an inline link amounts to aiding in distribution or communication with dishonest intentions, the Courts will come forward and declare such inlining illegal.

3. **Framing**

i. **Definition**

Web browsers allow web authors to divide pages into ‘frames’. Since it is possible for a site to call a frame’s contents from a different location, a programmer might ‘frame’ another’s web content beneath his own navigation or banners. This allows him to use creative content owned by another entity to sell banner advertising on its site. A typical use of frames is to have one frame containing a selection menu and another frame that contains the space where the selected files appear. The technology of framing was developed by Netscape and was introduced in 1996 and is now a common technology used on many web pages. There are several legal issues involved therein.

In *Washington Post Co. v. Total News, Inc.*, the Washington Post filed a complaint against an online news site, Total News, the publisher of the website www.totalnews.com. Total News, an aggregator of web news sources, employed frame technology to display news sites from around the web. Total News had created pages with frames that contained...

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124 In simplest terms, a ‘frame’ is an independently controllable window on a website through which pages from another website can be viewed.
125 [http://searchwebservices.techtarget.com/definitions/sid26_gei212154.00.html](http://searchwebservices.techtarget.com/definitions/sid26_gei212154.00.html)
hyperlinks to other news sites such as Washington Post, CNN, USA Today, Time and Sports Illustrated etc. Web users, therefore, could use www.totalnews.com to access articles from various sources. The Total News website generated its revenue from advertising, which it placed in a static border frame. Clicking on a hyperlink to ‘Washington Post’ within the Total News, web page displayed the content of the Washington Post page within a frame that was surrounded by Total News’s URL, logo, banner, advertisements and information. Six content providers – CNN, Time-Warner, Reuters, Washington Post, Wall Street Journal and the LA Times, sued Total News, claiming that such framing was “the Internet equivalent of pirating copyrighted material”. They also alleged misappropriation, trademark infringement and trademark dilution. The plaintiffs complained that Total News has designed a parasitic website that republishes the news and editorial content of other’s websites in order to attract both advertisers and users. Total News settled the case by agreeing to link to, rather than frame, the web pages of various plaintiffs and the Court did not have an opportunity to decide any of the legal issues that were raised by the plaintiffs.

ii.  **Legality of Framing under Indian Law**

As we saw in linking and inlining, one has to turn to the Copyright Act, 1957 to test and examine the legality of framing. The person who frames some other site’s content on his site is not causing any direct reproduction of the copyrighted content. This is because the framer never copies the pirated content, instead merely provides a visiting browser with instructions to retrieve the content, which is then incorporated into the overall page on the user’s site. Thus, the only person who copies the content is the final user who never comes to know that his browser is fetching different elements from different sites. Also, the framer is not directly issuing copies of the work nor communicating or distributing the work to the public as the user’s browser is actually fetching the content directly from the owner’s site. But he can be said to be aiding in such communication and distribution.

Further, the Copyright Act grants the right of adaptation only to the owner of copyrighted work. The framing site could take some element from the framed site’s multimedia settings and create its own, thereby affecting the right of making a derivative work of the framed site because taking some elements from the multimedia setting and

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127 The Copyright Act, 1957; Section 51 read with Section 14
128 *Ibid.*, Section 14 (a) (vi)
combining them with some other could well fit into the definition of adaptation. So, derivation and adaptation rights do come in picture vis-à-vis framing.

Framing brings in the question of moral rights as well. The Copyright Act allows the copyright author to claim authorship of the work. In case of framing the user is confused about the original source and hence may never come to know about the author. The user may never know from where different elements of the site have emanated. The creator of a frame does not literally ‘copy’ the contents of the framed page but only directs the user’s browser to summon content from another website and show the same along with the content of the framing site. Since the URL of the framed web page does not appear on the screen, the user accessing a framed site may not perceive the site as being framed and may attribute the appropriated material to the home site owner. This could implicate the right of the author to be identified as such, since the user never comes to know that he is viewing content from a different site. The author of the copyrighted work has a right to see that his work is not being distorted, mutilated or modified. Contents from various sites could be pulled into a single window, thus creating another work virtually new and different from the original thereby strongly implicating the right to integrity of the work. Perhaps, the combination of various elements could be termed as modification or even mutilation in certain circumstances.

4. Protection of Website Content

i. Introduction

Almost everything on the web is protected by the copyright law. Websites are nothing but a composition of materials, quite often consisting of words, graphics, audio and video that are expressed to the consumer/viewer as information content. The owners and website developers typically select the content to put/advertise sell the company’s product or service on the website. The subject matter expressed in the site is nothing but an electronic publication of the content. Since, the designing, producing and maintaining a sophisticated website is quite expensive, so the author or publisher has a good incentive to protect the content posted on the website. However, the violation of copyright on the Internet has grown exponentially. For this, one of the possible justifications might be that it is too easy to violate a copyright owner’s exclusive right to copy the material. What one actually requires is just a

129 Ibid., Section 57 (1)
computer with Internet connection, which gives him two important powers viz. power to upload and power to download.\textsuperscript{130}

\textbf{ii. Liability of Internet Service Providers for Copyright Infringement}

The liability of Internet Service Providers (ISPs) for online copyright infringement has been one of the most contentious issues in the copyright laws. The issue of liability for ISPs has been as old as the use of the Internet, which started exponentially at the beginning of 1990s. Whether the ISP can be held liable for illegal activities committed by their users? If yes, up to what extent? To what extent, an ISP who is just acting as an online intermediary be held accountable for third party material put on the Internet by users of their facilities?

Because of the inherent difficulties of enforcing copyrights against individual Internet users worldwide, the copyright owners have found the answer to this problem is placing legal liability for copyright infringement on those who allow and enable Internet copyright pirates to exist, namely the ISPs. For the content community, it is practical to sue the ISPs as they are in a position of policing the Internet. On the other side of the argument, ISPs are passive carriers similar to telecommunication companies and therefore, should be granted some limitation from liability with regard to copyright infringement. In addition, to make ISPs liable could stifle the growth of the Internet.

The liability of ISPs may arise in a variety of legal fields, such as criminal law, tort law, trade secret law, copyright law, trademark law, unfair competition law etc. Worldwide many nations have tried to define the liability of ISPs in disseminating third party content. Many of these national laws relate to criminal law, information technology law or copyright law. These statutes have tried to solve the problem by adopting either of the two approaches: horizontal approach and non-horizontal approach. The horizontal approach\textsuperscript{131} covers not only copyright infringement but also all other potential areas of law where liability of ISPs might arise. It fixes the liability regardless of the grounds for illegality of the transmitted material. Whereas, under non-horizontal approach\textsuperscript{132} the potential liability of ISPs is determined under each law where it might arise. In this case various statutes would determine ISP liability, for e.g., adopting non-horizontal approach the copyright statute would address ISP liability that might arise only in relation to copyright violations.

\begin{footnotes}
\item[130] University of London v. University of Tutorial Process Ltd., 1916 (2) Ch 601
\item[131] There are laws now in force in Germany, Sweden, Japan etc. which approach the issue from a horizontal perspective
\item[132] Non-horizontal approach has been adopted by some countries such as Hungary, Ireland, Singapore and the USA
\end{footnotes}
iii. ISP Liability under the Copyright Act, 1957

The Copyright Act was obviously drafted in complete oblivion of the phenomenon called the Internet. Even after its amendments in 1994 and 1999, it does not contain any express provision for determining or limiting ISP liability. However, some provisions in the Act could be interpreted to have some bearing on the liability of ISPs.

As per the Copyright Act, “copyright in a work shall be deemed to be infringed, when any person, without a licence granted by the owner of the copyright or the Registrar of Copyrights under this Act or in contravention of the conditions of a licence so granted or of any condition imposed by a competent authority under this Act….. 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.”

Typically, ISPs allow their servers and other communication facilities for storing user’s material and for transmitting that material. The computer servers and other telecommunication facilities are actually located at their business premises and hence they would verily come under the expression ‘any place’ and could be held liable for the infringing activities of third parties whose material they store or transmit if other requirements are fulfilled. Further, the expression ‘permits for profit’ means that to be held liable the activities of ISPs should be for profit meaning thereby that he should be financially benefitting out of the infringing activities. ISPs normally charge for their services and even if they offer some services for free, they could indirectly be making profit out of it, for e.g., from advertisements that they bundle together with the transmitted material. So, the above two requirements are fulfilled by ISPs for most of their activities in case they transmit or store infringing material. The expression ‘unless he was not aware and had no reasonable ground for believing that such communication to the public would be an infringement of copyright’ is significant in the sense that ISPs are liable only if they have knowledge of the infringing material stored or passing through their servers.

133 Supra note 98, Section 51 (a) (ii)
Further, it is to be noted here that “any person who knowingly infringes or abets the infringement of copyright….” is made criminally liable under the Act. However, whether an ISP be said to have abetted the infringement of copyright is a question to be decided by the Courts in the light of actual facts and circumstances of each case.

iv. ISP liability under the Information Technology Act, 2000

Under the Indian Information Technology Act, 2000 the provisions relating to the ISPs has been specifically provided wherein an ‘Internet Service Provider’ has been referred to as ‘Network Service Provider’ and is defined as: “Network Service Provider means an intermediary.” Further, an ‘Intermediary’ has been defined as: “intermediary with respect to any particular electronic message means any person who on behalf of another person receives, stores or transmits that message or provides any service with respect to that message.” However, the Act contains a clause which limits the liability of ISPs under certain circumstances. It provides that no person providing any service as a ‘network service provider’ shall be liable under this Act, rules or regulations made there under, for any third party information or data made available by him if he proves that the offence or contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence or contravention. So, the ‘without knowledge’ and ‘due diligence’ are two statutorily recognized defenses available to the ISPs.

v. Classification of ISPs under the IT Act, 2000

Under the IT Act, 2000, there is no classification of ISPs. The expression ‘Network Service Provider’ used in the Act seem to provide within it all kinds of Internet Service Providers irrespective of what function they perform in the long chain of intermediaries that transport or carries the internet content to the desired destinations. Undoubtedly, the different ISPs perform different functions in the process of transporting content and their liability cannot be uniform. The liability of ISPs must be appropriately and proportionally based on what function the ISPs had performed. In view of the same, it becomes quite essential to categorize the ISPs into different functional categories otherwise different ISPs could be held responsible for different actions.
liable under the IT Act, 2000 for something in which they played no role at all or it has no or very little control.\(^{138}\)

vi. **Filtering ISP Liability through the IT Act, 2000**

A bare perusal of Section 79 of the IT Act, 2000 which starts with the caption “Network Service Providers not to be liable in certain cases” makes it quite clear that the rationale of the aforesaid provision is to limit the liability of the ISPs. The liability of ISPs could arise in a number of ways under different statutes. It could be civil, criminal, or both. It is neither feasible nor desirable to define the liability of ISPs which could arise in various forms at one place. Equally undesirable could be to amend all our laws, which could hold ISPs liable, in order to limit their liability. The same has not been attempted in any of the Indian legislations including the Copyright Act, 1957. The IT Act, 2000 does not attempt to define the liability of ISPs which could arise in various forms at one place. It has been done to create a filtering mechanism for determining the liability of ISPs. Obviously, the rationale is that the liability of an ISP for his action or omission be first determined in accordance with the statute under which it arises and then if at all the ISP is held liable, his liability again be filtered through Section 79 of the IT Act. For e.g. if an ISP is accused of illegally distributing pirated copies of music, then his liability is first determined under Section 51 (a) (ii) and Section 63 of the Copyright Act, 1957. If the ISP is found liable, then his liability is again tested under Section 79 of the IT Act, 2000.

vii. **Exemption of an ISP from the liability for Copyright Infringement**

In order to get exemption, ISPs must not either initiate the transmission, or select the receiver or have any editorial control by selecting or modifying the material. Section 79 of the IT Act provides two circumstances viz. ‘lack of knowledge’ and ‘exercise of due diligence’ under which an ISP can qualify for exemption from liability. It is necessary to keep in mind that knowledge of the illegal contents on part of the ISP is a pre-requisite for holding him liable u/s 79 of the IT Act, 2000. The ISP can escape liability if it could be proved that he was unaware of all that was stored and passing through his servers. But if he is put under a notice that some infringing material is either stored or passing through his servers, he has to

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take proper action for removing or disabling that material, otherwise he could be said to have knowledge of the infringing material and will be held liable.\textsuperscript{139}

Looking from the side of ISP, in order to escape the liability, Section 79 prescribes ‘due diligence’ to be exercised by him. The provision requires actual knowledge or breach of the duty of care. What should be the extent of ‘due diligence’ requirement? Should the ISPs be required to monitor and judge legality of millions of files that are present or passing through their servers? Considering the gigabytes that are stored or passing through their servers this seems to be an impossible task. But, if we say that the ISP should not be under an obligation for ‘due diligence’, it might encourage them to consciously ‘look away’ and evade all liability. It can be safely concluded that ISPs are not liable for the infringing gigabytes that are stored and passing through their servers unless they are put on notice. If an ISP encounters particularly suspicious circumstances, he may be subject to ‘due diligence’ i.e. a duty of care to investigate further whether material he hosts or refers to is unlawful and, where found to be so, to block access.

\textbf{viii. Impleadment of ISPs in the cases of Copyright Infringement on the Internet}

Typically in every law suits/legal proceedings where a copyright owner initiates legal action against the alleged infringements on the Internet, he also makes ISPs as a party for simultaneous appropriate action, apart from the person who actually commits the infringement. So, ISPs are also invariably impleaded in the matter to fix its responsibility. Further, the ISPs can be identified very easily. For e.g. a software product is found loaded on a website which anyone is free to download. Let’s assume the website actually operates some kind of update/bulletin board, i.e. a site where people just upload and download files and where anyone can contribute. In such a situation, often one can trace out the website owner but it is extremely difficult to find out the actual contributor. So, one can easily found out the ISP whose facilities have been used to upload the software. There is no denial of the fact that in digital environment products are priced high and much damage can occur in very less time. So, apart from initiating legal proceedings against the actual offender, the aggrieved party has good incentive to sue the ISP as well. This incentive is also based on the fact that generally, an ISP as a business entity, has invariably deep pockets and generally more capable of paying the damages than an individual private user. Another obvious reason is to have deterrent effect on the ISP. If on a website there are 20 subscribers, all of whom can upload and

\textsuperscript{139} Abhay Pratap Singh and Pranay Bagdi, “Domain Name Conflict”, \textit{Criminal Law Journal}, 2010, p. 76
download content to and from that website, if the aggrieved person sues one of them; the next day someone else might upload the same content. But if the aggrieved person sues the ISP directly, the ISP in order to avoid any further trouble, will simply shut off and make it clear in very unambiguous terms to its subscribers that the infringing content will not be uploaded on this website in future.

D. **PATENTS ON THE INTERNET**

1. **Overview of the Law on Patents**

   i. **Origin of Patents**

   According to some, the grant of the first patent can be traced as far back as 500 B.C. It started from a city in Greece dominated by gourmands and it was perhaps the first grant of the kind that is now-a-day called a ‘patent’ right to promote culinary art. It conferred exclusive rights of sale to any confectioner who first invented a delicious dish. As the practice was extended to other Greek cities, and to other crafts and commodities, it required a name monopoly, a Greek Portmanteau, comprising mono (alone) and polein (sale).\(^{140}\)

   In the modern day world, the grant of privileges acted as a pre-cursor to the grant of what we now know as patents. The Republic of Venice was the first to adopt a statute for grant of privileges, the ‘Parte Veneziana’ of 1474.\(^{141}\) That statute laid down the principles on which today’s patents are built, the usefulness of new inventions for the State, the exclusive rights of the first inventor for a limited period and penalties for infringement.

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ii. **Subject Matter of Patent**

A patent can be secured for the practical utilization of an idea or concept. The idea or concept itself cannot be protected by patents; only the manner of putting ideas or concept into practical use can be patented. For patent protection, an invention must fall within the scope of patentable subject matter. In general, there are following two categories of subject matter which can form the basis for the grant of patent:

a. **Processes**

This category may include the processes of preparing chemical compounds, new or known, compositions of matter, new or known, processes of making or shaping or processing articles and the like.

b. **Products**

This category may include any new pharmaceutical substance, chemical compounds, polymers, synthetic materials, mixture of chemicals, composition of matter, alloys and pharmaceutical compositions.

iii. **Criteria of Patentability**

Under the Patents Act, 1970 an ‘invention’ means “a new product or process involving an inventive step and also capable of being made or used in the industry.” It means the invention to be patentable should be technical in nature and should meet the following criteria:

a. **Novelty**

The matter disclosed in the specification is not published in India or elsewhere before the date of filing of the patent application in India.

b. **Inventive Step**

The invention is not obvious to a person skilled in the art in the light of the prior publication/knowledge/document.

c. **Industrial Application**

The invention should possess utility, so that it can be made or used in the industry.

iv. **Exclusion from Patentability**

As per amended Patents Act, 1970, the following are non-patentable inventions

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142 The Patent Act, 1970; Section 3
(i). An invention which is frivolous or which claims anything obviously contrary to well established natural laws.

(ii). An invention the primary or intended use or commercial exploitation of which could be contrary to public order or morality or which causes serious prejudice to human, animal or plant life or health or to the environment.

(iii). The mere discovery of a scientific principle or the formulation of an abstract theory (or discovery of any living thing or non-living substance occurring in nature), the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or the mere discovery of any new property or mere new use of a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least on new reactant.

(iv). A substance obtained by a mere admixture resulting only in the aggregation of the properties of the components thereof or a process for producing such substance.

(v). The mere arrangement or re-arrangement or duplication of known devices each functioning independently of one another in a known way.

(vi). A method of agriculture or horticulture.

(vii). Any process for the medicinal, surgical, curative, prophylactic, diagnostic, therapeutic or other treatment of human beings or any process for a similar treatment of animals to render them free of disease or to increase their economic value or that of their products.

(viii). Plants and animals in whole or any part thereof other than micro-organisms but including seeds, varieties and species and essentially biological processes for production or propagation of plants and animals.

(ix). A mathematical or business method or a computer programme per se or algorithms.

(x). A literary, dramatic, musical or artistic work or any other aesthetic creation whatsoever including cinematographic works and television productions.

(xi). A mere scheme or rule or method of performing mental act or method of playing game.

(xii). A presentation of information.

(xiii). Topography of integrated circuits.
(xiv). An invention which in effect, is traditional knowledge or which is an aggregation or duplication of known properties of traditionally known components.

(xv). Inventions relating to atomic energy and the inventions prejudicial to the interest of security of India.

v. Procedure for Grant of Patent

A patent can be granted only in accordance with the procedure mentioned in the Patents Act, 1970.

Table: Procedure for grant of Patent

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. File a patent application</td>
<td>With prescribed fees</td>
</tr>
<tr>
<td>2. Publication in the Official Gazette</td>
<td>Within 18 months</td>
</tr>
<tr>
<td>3. Request for Substantive Examination</td>
<td></td>
</tr>
<tr>
<td>4. Are objections fulfilled</td>
<td>Outcome of hearing</td>
</tr>
<tr>
<td>5. Application accepted</td>
<td>Rejection</td>
</tr>
<tr>
<td>6. Opposition</td>
<td>Cancelled</td>
</tr>
<tr>
<td>7. Notify in the Official Gazette</td>
<td></td>
</tr>
<tr>
<td>8. Patent granted</td>
<td></td>
</tr>
</tbody>
</table>

vi. Revocation of Patent
A patent can be revoked on the same grounds as grounds of opposition. A patent can also be revoked on directions of the Central Government in cases relating to atomic energy, or where the patent or the mode in which it is exercised is mischievous to the State or generally prejudicial to the public. The patentee or any person holding rights in such patent are given an opportunity to be heard before any decision for revocation is taken.

vii. Rights of a Patentee

The patentee, i.e. an applicant who has been granted a patent, has the exclusive right to prevent unauthorized third parties from making, using, offering for sale, selling or importing the patented product in India. If the patent has been granted for a process then the patentee has the exclusive right to prevent unauthorized parties from using, offering for sale, selling or importing the product obtained directly by that process in India.

viii. Term of Protection

The duration of patent protection is 20 years and is determined from the date of filing the application. If a provisional has been filed followed by a complete specification, the term of the patent is counted from the date of filing the provisional application. In case of international applications under the Patent Cooperation Treaty, 1970, the filing date is the international filing date for determining the term of the patent.

2. Business Method Patents

Business methods include processes related to e-commerce, the Internet and data processing techniques involving financial services, electronic sales, advertising methods, and other such business or management practices. A business method patent can be obtained for any of the above mentioned processes as long as the legal requirements or criteria for patentability are met in accordance with the relevant national/regional law.

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143 Ibid., Section 64
144 Ibid., Section 65
145 Ibid., Section 66
i. **History of Business Method Patents**

Automated financial/business management data processing method patents, which date back to 1800s,\(^{146}\) were the predecessors of today’s modern business method patents. The first 3 automated financial and business data processing method patents were issued in January 1989 to Herman Hollerith and the Tabulating Machine Company for automated tabulating and compiling of statistical information. TMC is now known as IBM.\(^{147}\)

ii. **Patentability of Business Methods**

a. **American Perspective**

In the United States, the debate on patentability of business method can be divided in the following 3 phases, hinging on the judgment of the US Court in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*\(^{148}\)

➢ **Pre-Street Bank Case**

Prior to the State Street decision, there was a judicila created ‘business method exception’ to patentability in the United States. The Courts had refused to grant patents to inventions regarding book-keeping systems\(^{149}\) and drive-in movie theaters.\(^{150}\) These decisions were not very clear in their reasoning and were criticized.\(^{151}\)

*Hotel Security Checking Co. v. Lorraine Co.*,\(^{152}\) is said to be the case that gave birth to the business method exception in the US. In the instant case, the Court held that a patent on a ‘method of and means for cash-registering and account-checking’ was invalid. In *obiter dicta*, the Court observed that, “a system of transacting business disconnected from the means for carrying out the system is not, within the most liberal interpretation of the term, ‘patentable subject matter’.”

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\(^{147}\) In 1924, Thomas J. Watson, changed the name of the Tabulating Machine Company (TMC) to International Business Machine Corporation (IBM)

\(^{148}\) *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 47 USPQ 2d 1596 (CAFC 1998)

\(^{149}\) *In Re Ex Parte Abraham*, 1868 Com’R Dec. 59, 59 (Com’R Pat. 1868)

\(^{150}\) *Loew’s Drive-in Theatres, Inc. v. Park-in Theatres, Inc.*, 174 F. 2d at p. 552

\(^{151}\) *In Re Schrader*, 22 F. 3d at p. 298.

\(^{152}\) *Hotel Security Checking Co. v. Lorraine Co.*, 160 F. 467, 469 (2d Cir. 1908)
Street Bank Case

In 1998, a Federal Circuit Court of the United States laid the ill-conceived business method exception to rest through its judgment in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* In this case, the patented invention was a computer program, essentially a data processing system that organized mutual funds into an investment portfolio in order to gain investment and tax advantages for mutual fund managers. The plaintiffs attempted to invalidate the patent on two theories: the mathematical algorithm exception and the business method exception. The Court held that the patent did not fall within the mathematical algorithm exception since it produced ‘a useful, concrete and tangible result’. It also held that no business method exception ever existed. The Court concluded that business method patents should be subject to the same legal requirements for patentability as applied to any other process or method.

Post-Street Bank Case

The Federal Circuit Court reaffirmed its *State Street Bank Case* judgment in *AT & T Corp. v. Excel Communications, Inc.* In this case, the Court upheld a patent that was directed to a ‘method that facilitated allocation of telephone service fees among a number of different carriers, allowing computers to generate bills easily and accurately’. The Court affirmed its reassessment of the mathematical algorithm exception, and its rejection of the business method exception in the *State Street Bank Case*.

Two years later, in 2001, the Court dealt with another software business method patent in *Amazon.com, Inc. v. Barnesandnoble.com, Inc.* Amazon.com patented a ‘1-Click’ shopping device, ‘the 411 patent’, which was for “a method and system for ‘single action’ ordering of items in a client/server environment.” Amazon.com sued Barnesandnoble.com for infringement of the ‘1-Click’ patent by the Barnesandnoble.com’s ‘Express Lane’ shopping feature, which essentially allowed customers to purchase products in a single step. The District Court granted a preliminary injunction against Barnesandnoble.com. In response, Barnesandnoble.com argued that the District Court did not construe the claims

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153 Supra note 148
154 *AT & T Corp. v. Excel Communications, Inc.*, 172 F. 3d 1352 (Fed. Cir. 1999)
155 *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F. 3d 134 (Fed. Cir. 2001)
156 Amazon’s patent ‘describes a method and system in which a consumer can complete a purchase order for an item via an electronic network using only a ‘single action’ such as the click of a computer mouse button on the client computer system.”
157 Barnesandnoble.com’s ‘Express Lane’ presents a product page that contains the description of the item to be purchased and a ‘description’ of the single action to be taken to effect placement of the order.
properly to determine the underlying validity of the ‘1-Click’ patent. Looking at prior art references offered by Barnesandnoble.com to show that the ‘1-Click’ patent was not new and non-obvious as required, the Court reversed the preliminary injunction. The Court observed that although Amazon.com are likely succeeded in the infringement claim, Barnesandnoble.com have raised sufficient questions as to the validity. Unfortunately, the trial Court was unable to evaluate the validity of the patent because the parties settled prior to the date of trial.

In 2006, a US Court limited the strength of business method patents. Justice Kennedy in Ebay Inc. v. MercExchange, L.L.C., 158 opined that infringement of business method patents may not merit injunctive relief because of their ‘potential vagueness and suspect validity.’

b. European Perspective

The European Patent Office (EPO) directly forbids issuing business method patents. Under the European Patent Convention (EPC), patents are granted for “any inventions which are susceptible of industrial application, which are new and which involve an inventive step,” 159 a standard very similar to that of the US law. 160 Additionally, however, in order to meet EPC patentability requirements, “an invention must be of a technical character to the extent that it must relate to a technical field, must be concerned with a technical problem and must have technical features in terms of which the matter for which protection is sought can be defined in the patent claim.” 161

The EPC states, “Schemes, rules and methods for performing mental acts, playing games or doing business, and programs for computers, shall not be regarded as inventions.” 162 The EPO categorically disallows business method patents, however, in reality, the ban is not absolute. The inclusion of business method patents in limited circumstances is based on the language which states, “the provisions of paragraph 2 shall exclude patentability of the subject-matter or activities referred to in that provision only to the extent which a European patent application or European patent relates to such subject-matter or activities as

159 European Patent Convention; Article 52 (1)
160 35 U.S.C. Title 101 states “whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”
162 The European Patent Convention; Article 52 (2)
such.” The words ‘as such’ have been construed only to exclude pure business method patents, leaving an avenue of patentability for inventions of a technical character even if such inventions involve a business method or computer program, as long as the invention meets the requirements of novelty, inventive step, and industrial application.

3. **Software Patent**

i. **History of Software Patents**

The history of software patents is bracketed by two landmark decisions, namely, *Gottschalk v. Benson*, in 1972 and *Diamond v. Diehr*, in 1981. Both these judgments addressed the issue of whether or not a computer algorithm constituted patentable subject-matter. After *Gottschalk*, the patent environment was unfavourable to software patents, but after *Diamond*, it became broadly favourable.

In *Gottschalk v. Benson*, the patent application was filed by Bell Telephone Laboratories, the research arm of AT & T. The invention related to a means of converting Binary Coded Decimal (BCD) numbers to ordinary binary numbers. Most of the patent was expressed in process-and-apparatus form, but one of the claims related to algorithm itself. The algorithm was executable by any general purpose computer or even using pencil and paper. It could have also been considered as a ‘law of nature’. The patent was rejected by the Patent Examiner because the algorithm constituted ‘non-statutory subject matter’. Bell Labs took the case to the Court of Customs and Patent Appeals, which reversed the decision on the ground that the process “had no special use other than the more effective operation and utilization of a machine known as a digital computer” and the Court saw ‘no sound reason why the claims in this case should be held non-statutory.’ Thereafter, the Commissioner of the Patent Office, Leonard Gottschalk, appealed to the Supreme Court for a writ of certiorari. The Supreme Court reversed again, stating that the claim was ‘so abstract and sweeping as to cover both known and unknown uses’ and ‘would wholly pre-empt the mathematical formula and in practical effect would be a patent on the algorithm itself.’

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163 Ibid., Article 52 (3)
164 Ibid., Article 54
165 Ibid., Article 56
166 Ibid., Article 57
169 In Re Benson, 441 F. 2d 682 (C.C.P.A) 1971) at 1137
170 Id. at 1140
ruled out ‘pure’ software patents but left the door open for software enabled inventions that produced a new, useful, and non-obvious technical effect.

The effect of *Gottschalk* decision was to discourage applications for pure software inventions, i.e. the inventions that could form the basis for a software product independent of a particular hardware configuration, in the 1970s.

In *Parker v. Flook*, the patent at issue was a method of utilizing a computer to continuously recalculate an alarm limit during a chemical conversion process. The US Supreme Court found that the only novel part of the invention was the use of the computer software to implement a pre-existing process and reaffirmed its judgment in *Gottschalk* that the ‘discovery of a novel and useful mathematical formula may not be patented.’

After *Parker*, the Court of Customs and Patent Appeals developed a two-step *Freeman-Walter-Abele test*. According to this test, while evaluating a patent, a Court was required to determine (i) whether a patent claim mentions an algorithm ‘directly or indirectly’, and if so, then (ii) whether the claimed invention as a whole involves more than just the algorithm itself, allowing the claim to fall under Section 101 of the U.S. Patent Act.

The controversy regarding software patents was laid to rest by the judgment in *Diamond v. Diehr*. The US Supreme Court expressly held for the first time that, “…an invention was not necessarily un-patentable simply because it utilized software.” The Court observed that, “a claim drawn to subject matter otherwise statutory does not become non-statutory simply because it uses a mathematical formula, computer program, or digital computer.” In this case, the patent application claimed a process for molding synthetic rubber using a computer to constantly measure the temperature inside the mold so as to recalculate the cure time by means of the Arrhenius Equation. The US Supreme Court distinguished this case from its previous holdings because those cases held that “an algorithm, or mathematical formula, is like a law of nature, which cannot be the subject of a patent,” whereas the *Diehr* application was for a process of curing rubber which incorporated the use of a computer.

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171 *Parker v. Flook*, 437 U.S. 584 (1978)
172 As a result of the Freeman-Walter-Abele Test, programs could be patentable with the only new idea being the algorithm itself, as long as the drafter included other process steps or physical structures in the patent claims.
The decision in Diehr case opened the door for a flood of patents where an entirely new process, or a new process utilizing previously known algorithms, could be implemented through the use of computer processing power.

This trend continued till the decision of the Federal Circuit Court in In Re Alappat.\(^{174}\) In this case, the Court found the applicant’s invention to be patentable.\(^ {175}\) The invention used anti-aliasing techniques to create a smooth waveform display in a digital oscilloscope.\(^ {176}\) The Federal Circuit Court stated that, “while many elements of the invention performed mathematical functions, the claimed invention as a whole is directed to a combination of inter-related elements which combine to form a machine for converting discrete waveform data samples into anti-aliased pixel illumination intensity data to be displayed on a display means. This is not a disembodied mathematical concept which may be characterized as an ‘abstract idea’, but rather a specific machine to produce a useful, concrete, and tangible result.”\(^ {177}\) The Court held that computer software was patentable so long as it meets the statutory patent law requirements. The concession by the Court to grant patents for a computer program in conjunction with a process indicated that Federal Circuit’s full-fledged allowance of computer applications. The Court also observed that, “specific programming creates a new machine, because a general purpose computer in effect becomes a special purpose computer once it is programmed to perform particular functions pursuant to instructions from program software.

The Alappat opinion made it clear that software claims must be tied to a machine in order to be patentable. The search for patentable subject-matter within computer systems was shifted to focusing on the software itself as a novel and useful purpose, which could be executed by a computer. After Alappat, the only remaining major obstacle to patenting computer programs was the requirement that software claims implement the program within an apparatus or machine. This obstacle fell in 1995 when IBM appealed a United States Patent and Trademark Office rejection of a claim to the Federal Court.\(^ {178}\) On appeal, the Commissioner of Patents and Trademarks conceded that, “computer programs embodied in a

\(^{174}\) In Re Alappat, 33 F. 3d 1526 (Fed. Cir. 1994)
\(^{175}\) Id. at 1545
\(^{176}\) Id. at 1537
\(^{177}\) Id. at 1544
\(^{178}\) In Re Beauregard, 53 F. 3d 1583 (Fed. Cir. 1995)
tangible medium, such as floppy diskettes, are patentable subject-matter”, and the case was dismissed for lack of controversy.179

ii. European Union Perspective

In the European Union, the Board of Appeals considered the patentability of software in the *VICOM Case*.180 The invention related to a ‘method of digitally processing images’ using certain mathematical algorithms which can be carried out on a conventional general purpose computer. Under the European Patent Convention (EPC), a computer program is excluded as subject matter as such, but this was interpreted by the Board not to exclude claims directed to a technical process carried out by a computer program.181 The Board of Appeals declared that the novel technical feature existed in the claims because the invention confers a technical benefit, namely a substantial increase in processing speed compared with the prior art. The Board stated that the process of digital filtering consisted of physical manipulation of electrical signals. The Board also stated that ‘even if the idea underlying an invention may be considered to reside in a mathematical method, a claim directed to a technical process in which the method is used does not seek protection for the mathematical method, rather, if the claims outline the technical means for carrying out the functions, then the condition for declaring the ‘technical features’ of the invention are met.” In other words, if a computer is used in conjunction with or applied to a process within the subject-matter of patentability, then the claimed invention is patentable.182

These holdings have been reiterated by the Board of Appeals in other cases. The Technical Board of Appeals in IBM/Computer Programs considered the patentability of claims directed towards: (i) a computer program directly loadable into internal memory, and (ii) a computer program stored on a computer usable medium.183 The Board interpreted EPC Art. 52 (2) and stated that, “legislators did not want to exclude from patentability all programs for computers….. The fact that only patent applications relating to programs for computers as such are excluded from patentability means that patentability may be allowed for patent applications relating to programs for computer where the latter are not considered

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181 The European Patent Convention; Article 52 (2) (c) and (3)
being programs for computer as such.” Computer programs must have a technical character to be patentable. Technical character was defined by the Board as requiring a ‘technical effect’ which is achieved by the internal functioning of a computer under the influence of a program.

The current EPO Guidelines for Examination reflect the EPO decisions and state that while computer programs are excluded as such from EPC Article 52, software is not excluded subject matter if it has a ‘technical character’ by bringing about a ‘further technical effect’.

4. **Criticism of Business Method Patents and Software Patents**

The grant of business method patents and software patents is criticized on various grounds. It is believed that business method patents and software patents may result in a ‘chilling effect’ on electronic commerce, i.e. they may slow down its development and that software patents, in particular, may not advance innovation. The underlying bases of this argument are the following differences:

i. **Patentable Subject Matter is Different**

Software programs are different from other technologies as they are extremely complex and often made up of thousands of algorithms and techniques that need to be patented individually. Not only does this make the cost of patenting prohibitive, it is possible to expect software firms to license each of the associated patent or to bring such a legally risky product to market.

ii. **Search for Prior Art is Difficult**

Patent examiners use prior art (prior invention) as a basis to determine if an invention is novel and involves inventive step (that is non-obvious). This may not be readily available when considering business method patent applications. The difficulty in identifying prior art may result in the issuance of numerous patents for the same invention.

iii. **Obviousness is a Problem**

Too many patents that are obvious may be issued due to the difficulty in applying the inventive step (i.e. non-obvious) criteria.

iv. **Training and Skills in Business Methods and Computer Science are Limited**

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184 Id. at 226
185 Id. at 227
Governments need to compete with private sector entities to hire skilled business executives and computer technicians. Lack of skills in examining patent application adds to the issue associated with prior art and obviousness.\textsuperscript{187}

E. REVIEW

The cyber laws are in a state of flux more so because the global status of the internet which knows no geographical jurisdictions is sought to be regulated by territorially based national legal jurisdictions. IPR issues on internet attracted the centre stage of global negotiations and culminated in the TRIPS agreement which for the first time incorporated all forms of intellectual property protection in a single treaty and provided a strong enforcement mechanism.\textsuperscript{188} However, even the TRIPS agreement could not provide for the various IPR issues arising out of the widespread use of internet since the same did not form the agenda nor was part of the Uruguay Round of negotiations. The issue was eventually left to the WIPO to fill in the lacuna which resulted in the WIPO Copyright Treaty (WCT), 1996 and WIPO Performance and Phonogram Treaty (WPPT), 1996.

\textsuperscript{187} Stac Electronics v. Microsoft, Decided on June 13, 1994 by the US Court

\textsuperscript{188} M. Sivaraman, “Cyber Space and Protection of Intellectual Property Rights: Problems and Prospects in Law”, Chartered Secretary, May 2004, p. 621