Chapter IV

Legislation,

Rules and Cases
Recognition of intellectual property rights was as important a step in the history of the human race, as the invention of the wheel or fire by the primitive man. Over the years, the human race has gradually conceded legal rights to creative minds in the works created by them. The traditional legal rights are concerned with tangible properties where possession of a property is nine out of ten points in law. In the case of intellectual property rights, by their very nature, the owner does not retain possession of any intellectual property rights, by their very nature, the owner does not retain possession of any intellectual work. On the contrary, in intellectual property laws, the very object is to make the work in which an intellectual property right subsists, available to as many users as possible. The developer of a computer software has to licence the software to users. A trade mark has to be applied to the goods, advertised and used. An article to which an industrial design is applied, is meant to be sold in the open market. A invention has to be licenced or an invented machine has to work at places other than the inventor’s workshop. This creates a difficulty in the enforcement of intellectual property rights.

However, to look a intellectual property rights from the viewpoint of enforcement is a very narrow way of looking at these rights. A large part of the development of intellectual property shows the constructive advantages of the development of the intellectual property rights repertoire.
The four major intellectual property rights are copyright, designs, patents and trade marks. International conventions and the agreement on Trade Related Intellectual Property Rights (TRIPS) have resulted in the emergence of new, complex rights such as geological indications, semiconductor integrated circuit layout-designs or ‘chips’, rights of plant breeders ad farmers and the protection of undisclosed information. Another aspect is the right of the states to control intellectual property rights for protecting the interests of trade or for other objectives such as protection of the biodiversity of the country.

A bare perusal of the Indian law journals of the 1980s would have shown a comparative dearth of material in the field of intellectual property law. The docile field of intellectual property law in India received a jolt by the advances in the techniques of reprography, audio-visual technologies, and the exponential growth of personal computers with capacities unheard of in the past. The technical onslaught of technology enabling piracy on a large scale on the Internet, advent of recording techniques like MP3, the ease of duplication of computer software with omnipotent devices like CD-readers and writers etc, disturbed the economic interests of large sections of society. The recent spare of researches in biotechnology such as the mapping of human DN and resultant potential for inventions also had their own impact.
Apart from legality, emergence of plant varieties with patented ‘terminator genes’, techniques of cloning, particularly human cloning and research in stem cells, has also raised question of ethics and morality. All these required suitable changes in the existing legislations.

The four major intellectual property rights are governed by separate Acts. These are the Copyright Act 1957, the Designs Act 2000, the Trade Marks Act 1999 and the Patents Act, 1970. It is pertinent to note here that in the United Kingdom as far back as in 1988, the Copyright, Designs and Patents Act 1988, a consolidated legislation for copyrights, designs and patents had come into force.

**CONSTITUTION OF INDIA AND INTELLECTUAL PROPERTY RIGHTS**

The Constitution of India confers powers to legislate on the Central Government and the state governments. In List I or the Union List, matters, which fall under intellectual or industrial property, are grouped together under entry 49, which reads:

49. Patents, inventions and designs; Copyright; trade-marks and merchandise marks;
Except providing an item in the Union List, the Constitution of India does not show much awareness of intellectual property rights. This may lead to certain unforeseen consequences.

The right to a creative work would be the most natural aspect of right to freedom. In the Constitution, art 19 to 22 are collectively referred to as rights to freedom. Article 19(1) protects certain rights as follows:

19. Protection of certain rights regarding freedom of speech, etc.-

(1) All citizens shall have the right-

(a) to freedom of speech and expression;
(b) to assemble peaceably and without arms;
(c) to form associations or unions;
(d) to move freely throughout the territory of India;
(e) to reside and settle in any part of the territory of India; (and)
(f) ***

(g) to practice any profession, or to carry on any occupation, trade or business.

The right to property, which was provided for in art 19(1)(f), was deleted by the forty-fourth amendment. However, it was retained as a constitutional right under art 300-A of the Constitution of India. The

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1 Sub clause(f) omitted by the Constitution (44th Amendment) Act 1978.
2 Section 2 of the Constitution 44th Amendment Act 1978.
restrictions on the patents such as providing monopoly only for a specified term can be justified by taking recourse to the provisions of art 19(6). However, art 19(2) poses certain problems.

Copyright is the most reasonable restriction on the freedom of speech and expression. A citizen cannot take up a book written by another author and in exercise of freedom of speech and expression, publish it in his own name. A play written by a playwright cannot be performed without his consent in the guise of exercising freedom of speech and expression. The Copyright Act does restrict the exercise of such freedom of speech and expression.

Article 19(2), however, does not provide for copyright as being a reasonable restriction on the freedom of speech and expression. Copyright, in fact, is all about the expression and protection of such expression. The reasonable restrictions on the freedom of speech and expression laid down in art 19(2) are as follows:

19(2). Nothing in sub-clause (a) of clause (1) shall affect the operation of any existing law, or prevent the State from making any law, in so far as such law imposes reasonable restrictions on the exercise of the right conferred by the said sub-clause in the interests of the sovereignty and integrity of India, the security of the State, friendly
relations with foreign States, public order, decency or morality, or in relation to contempt of court, defamation or incitement to an offence.

The question is as to whether copyright can be read as an implied subject in the various subjects provided in art 19(2) enabling the legislature to enact a law for restricting the freedom of speech and expression. Such an interpretation would amount to saying that the list of restrictions provided in art 19(2) is only illustrative and not exhaustive. Such an interpretation, however, would open floodgates for laws curbing freedoms granted under art 19(1)(a).

In *Sakal Newspapers (P) Ltd. V Union of India*\(^1\), the Supreme Court has held that restrictions cannot be imposed on the freedom of speech in ‘public interest’, which is not specifically mentioned in art 19(2). The Supreme Court observed:

The freedom of speech can be restricted only in the interest of the security of State, friendly relations with foreign States, public order, decency or morality or in relation to contempt of court, defamation or incitement to an offence. It cannot, like freedom to carry on business, be curtailed in the interest of general public. It cannot be justified on the ground that it is reasonable under clauses (3) to (6).

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\(^1\)AIR 1962 SC 305 (1962) SCR3 SCR84.
Thus, the Supreme Court has clearly interpreted the list of subjects in art 19(2) as being exhaustive with respect to restrictions which can be imposed on the freedom granted by art 19(1)(a). In other words, as the Constitution stands today, art 19(2) has to be interpreted as being exhaustive in listing the purposes for which restrictions can be imposed on freedom of speech and expression.

The exclusion of copyright as a reasonable restriction on the freedom of speech and expression from art 19(2) is clearly unjustified. This shows a certain lack of awareness about the intellectual property rights. This awareness is shown by the Constitution of the United States of America. In s 8 of art 1, the Constitution of the United States confers various powers on the Congress, which includes:

8. To promote the progress of science and useful arts, by securing for limited times to authors and inventors, the exclusive right to their respective writings and discoveries;

The first amendment to the Constitution of the United States provides: The Congress shall make no law respecting an establishment of a religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people
peaceably to assemble, and to petition government for a redress of their grievances.

The Constitution of the United States thus shows an awareness of the necessity of curbing the legislative impulse to restrict the fundamental rights and at the same time, to encourage creation of intellectual property by providing monopoly for a limited period to the creator of an intellectual work.

It is possible that nascent India was more concerned with down-to-earth tangible property rights rather that intellectual property right and as such, while drafting the Constitution of India, though the provisions of the Constitution of the United States were considered, a similar provision did not percolate into the Constitution of India.

If the constitutionality of the Copyright Act 1957 is challenged on this ground, it will be difficult to meet the challenge unless a far-fetched recourse is taken to other articles e.g. Art 21 of the Constitution, or art 19(2) is liberally interpreted.

**INTELLECTUAL PROPERTY LEGISLATION**

In India, copyright is the creation of the Indian Copyright Act of 1957. The 1957 Act adopted a number of features of the 1956 Act of the United Kingdom. Provisions were made for voluntary registration of copyright.

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1 See Pt 2 on Copyright
Administrative machinery for copyright registration was also provided. The Act also empowered the government to issue notifications for protecting the copyrights of citizens from convention countries. In the wake of technology, the Act has been amended several times in the past.

Designs were earlier governed by a truncated and dismembered Act called the Designs Act 1911. By amendment, the provisions pertaining to patents were deleted from the original Patents and Designs Act 1911. Introduction of the Designs Act 2000 and the Designs Rules 2001, and the enactment of the Trade Marks Act 1999 and the Trade Marks Rules 2002 is a step forward in streamlining these laws.


The Act follows the 1958 Act closely except for some departures such as the recognition of service marks, setting up of the appellate board and certain other procedural provisions in respect of filing of applications for registration. The introduction of service marks in the 1999 Act has made it more complete.

The term ‘service’ indicates service of any kind, which is made available to potential users. Businesses such as banking, communication, education, finance, insurance are considered as services for which a service
mark can be granted. Earlier, these enterprises were required to register their trade marks as marks for ‘goods’ included under class 16. Although service marks were not covered under the provisions of the 1958 Act, the courts in India have held the unauthorized use of a trade name or trading style as passing off of a trade mark. Several judicial decisions impliedly protected service marks by allowing passing off actions, but the service marks were not statutorily recognized. The 1999 Act offers a specific and better protection for services.

Under the Trade Marks Act 1999, for the first time a special forum of the appellate board has been created.¹ Any person aggrieved by an order or decision of the Registrar under the Trade Marks Act 1999 can prefer an appeal to the appellate board.² The power to regulate the procedure including fixing of places and times of its hearing has been conferred on the appellate board.³ The appellate board has been clothed with power and functions similar to a civil court. This board is also an appellate authority under the Patents Act 1970 as amended by the Patents (Amendment) Act of 2002⁴ and the Geographical Indications Act 1999.

The Patents Act of 1970 has also been amended extensively in the recent past to meet India’s obligations as member of the World Trade

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¹ Chapter XI, SS 83-100
² Sec-91 of the Trade Mark Act 1999
³ Sec092.
⁴ Section 116 of the Patents Act 1970.

In the field of patents, biotechnology has opened up new techniques for the development of drugs or products for better health or environment, and has resulted in a spate of patents. A notable example is that of patents used for recombinant DNA for various purposes. The claims in biotechnological patents involving recombinant DNA basically fall in the following broad categories:\textsuperscript{1}

\begin{enumerate}
\item Recombinant protein products (and alleles variants derivatives);
\item DNA sequence coding for products of (a);
\item Vectors containing the DNA sequence of (b);
\item Microorganisms, cell lines and other microorganisms transformed from vectors (c);
\item Process of producing products as in (a) by expression of DNA sequences (b) in a recombinant host organism.
\end{enumerate}

At the same time, this development has opened up a new controversial area in the field of patent law. A controversy has arisen as to whether patent could be granted in respect of naturally occurring substances like genes.

\textsuperscript{1}Dr. R.S. Crepi, An Overview of legal protection of biotechnological inventions with special reference to human cells and genetic material, 1996.
Except the United States, jurisprudence of all other countries seems to agree on the point that patent should not be granted in respect of processes of human cloning, human beings, uses of human embryos for industrial purposes and the process of modifying the genetic identity of animals who are likely to suffer irrespective of the medical benefits which may arise from such experiments.

The European Directive on Legal Protection of Biotechnological Inventions\(^1\) explicitly provides:

Invention shall be considered un-patentable where their commercial exploitation would be contrary to *ordre public* and Morality; however, exploitation shall not be deemed to be so contrary merely because it is prohibited by law or regulatios.\(^1\)

The Directive also provides that where biological material is taken from a human being, a free and informed consent of such person ought to be obtained.

The case of *John Moore\(^2\)* is a pointer in this direction. John Moore was suffering from a terminal illness. His physician, without obtaining his consent, used the cells of his spleen for research. This research yielded a useful and patentable cell-line. The patent granted by the United States

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\(^1\) Directive 98/44/EC  
\(^1\) Article 6(1)  
\(^2\) Moore Vs Regents of the University of California 793 P2d 479 (Cal) 1990.
office was in respect of a single cell suspension of the mo cell line and the proteins produced therefrom. The patent was granted to the physician and the University of California. John Moore felt that the cells taken from his spleen had been ‘immortalised’ and patented without his consent. He, therefore, initiated action against his physician as well as the University of California.

The California Supreme Court, however, did not accept the claim of Moore about his ownership of intellectual property in his spleen cells. It was held that Moore was not entitled to claim ownership of the intellectual property in cell line as, even-though the cell line was developed from his spleen cells, it had a distinct identity from those cells, which were removed from John Moore’s body. The court held that the position of John Moore was like that of a donor of an organ.

An important question arises here as to whether, for a patent, a human being can be considered like any other microorganisms which are the subject-matter of various patents. It is not easy to reply to this question either in the affirmative or in the negative. Every human being has his rights. The rights such as the right to human dignity and more importantly, right to privacy are rights recognized by the law. When an individual goes for a treatment, a physician discovering something has the duty not to use it without the individual’s consent.
Even in case of microorganisms, patents may be granted in the case of a newly-developed strain of a microorganism which is industrially useful but not in cases where the microorganism occurs in nature. However, this also belittles the efforts of the inventor who has carried out research to determine useful properties or microorganisms. In this context, sec. 3(c) of the Patents Act 1970, which provides that the discovery of any living or non-living substances occurring in nature is not an invention should be considered. Though discoveries per se may not be made generally patentable, if processes are novel and if the end products are useful, such discovery should be made patentable.

If necessary, such discoveries may be considered as a different kind of species of intellectual property like utility patents and statutorily protected so as to encourage such research. In his context, the case of vitamin B12 is a pointer. Though vitamin B12 occurs in nature, there was no reliable process for producing vitamin B12 in bulk quantities. The available sources was only crude liver extracts, which ad no specific identity. While upholding the patent, the court observed that before the invention made vitamin B12 available to the world, ‘pure crystalline vitamin B12 did not exist’.

Similarly, although granting patents in human cloning has been deprecated by and large, the present stem cell research indicates that if this research is encouraged and intellectual property in its products is protected patents, it would give substantial benefits to humankind. The question of
manipulation of such patents can be ruled out as today, countries all over the world have provisions for compulsory licensing in their patent statutes and, in the hour of need, countries including the United States resort to compulsory licensing, dropping all stances of protecting intellectual property rights.

Apart from these main intellectual property rights, globalization has led to the recognition and codification of certain other intellectual property rights such as geological indications, integrated circuit layout designs etc.\footnote{Sec Pt 7.}

GENERAL SCHEME

A perusal of intellectual property legislation indicates a common general scheme for the governance of these rights. All intellectual property laws have provisions for-

(1) Administrative control,

(2) Appeals against decisions of administrative authorities,

(3) Legal recourses in case infringement of these rights.

Provisions pertaining to administrative set up are, generally, provisions for the registration of intellectual property rights and the grant of such registration.

\footnote{Sec Pt 7.}
REGISTRATION OF INTELLECTUAL PROPERTY RIGHTS

Out of the four major categories of Intellectual Property Rights, it is not
necessary to register a copyright and trade mark formally. These rights are
conferred on the owners on creation and user. In case of designs and
patents, unless these are registered under the relevant provisions of the
Designs Act and the Patents Act, it is not possible to enforce these rights.

However, considering the economic implications of violation of
copyright, there is an increasing awareness and tendency to register
copyrights in non-fictional works like computer software and fictional works
such as manuscripts and draft concepts for television. Similarly, in case of
trade marks, increased business competition has made it necessary to
develop strong brands by making substantial expenditure. As such, although
it is not necessary to register a trade mark, registration is considered a
sound business decision and policy in today’s enlightened corporate world.
Registration of these rights is also important as registration gives a distinct
advantage in litigation involving the violation of these rights.
APPELLATE BOARDS

Provisions for setting up intellectual property appellate boards, which exist at present, were a necessity. The need for establishing such a forum was realized as early as 1989.¹ It was observed:

We feel that considering the vast number of different kinds of works in which Copyright is being recognized and the problems which are created by the technological onslaught, it may be that the Courts may not be able to deal effectively with infringement actions. In such a case, we feel that a Tribunal consisting of a judicial member and a person who is well-versed in intellectual property matters technically, may have to be constituted.

These observations stand vindicated by the provisions of the Trade Marks Act 1999 which provide that a Bench of the appellate board shall consist of one judicial member and one technical members.²

Such provisions already exist in some countries. For example, in the Federal Republic of Germany, technically trained judges are employed as professional court members in the Federal Patents Court. In other German courts, there is a provision for participation by lay judges, that is, persons who do not have any formal legal education. However, unlike these lay judges, technically trained judges who are appointed in the Federal Patents

² Section 84(2)
Courts in Germany have the same status as that of professional judges. The technically trained member of a Federal Patents Court must be an expert 'in any branch of technology'. Such a judge must have at least five years of practical experience and must have acquired the relevant knowledge particularly in the field of patents.¹

The advent of biotechnology-based patents has highlighted the need for such technical expertise in the appellate and judicial authorities. In *Kirin Amgen Inc v Roche Diagnostics GMBH*,² the dispute was in respect of patents relating to a glycoprotein called erythroprotein. This protein is a hormone. Conflicting claimants had used recombinant DNA technology for isolation and synthesis of a gene, which led to the production of the protein. The claims made in the patent were also highly technical. During hearing before the patents court, extensive notes were prepared. A substantial part of the judgment narrates in detail the technical background necessary for adjudicating various claims. In the judgment, Neuberger J, has explained the technical background in a very lucid manner. However, advocates and litigants may not always have the benefit of such judges. As such, inclusion of a technical member will be useful not only to the advocates and litigants but also for the judicial members.

² 2002 RPC 1
The appellate procedures however need to be streamlined and unified. At present, the decisions of the administrative authorities under various Intellectual Property Rights Acts and other incidental matters are subject to an appeal before different appellate authorities without any uniformity.

In case of the Copyright Act 1957, appeals against orders of the Registrar of Copyrights may be preferred to the copyright board. Against orders passed by the copyright board, an appeal will lie to the High Court within whose jurisdiction, the appellant actually and voluntarily resides or carries on business or personally works for gain.

The Trade Marks Act of 1999 provides for an appellate board. Any person aggrieved by an order or decision of the Registrar under the Trade Marks Act 1999 can prefer an appeal to the appellate board. The power to regulate the procedure including fixing of places and times of its hearing has been conferred on the appellate board. The appellate board has been clothed with powers and functions similar to a civil court. Though initially kept in abeyance, the same board is an appellate authority under the Patents Act 1970 as amended by the Patents (Amendment) Act of 2002.

The appellate board under the Trade Marks Act is also the appellate board for geological indications. The position of the appellate board is similar.

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1 Section 72(1)
2 Section 72(2)
3 Chapter XI, SS83-100
4 Sec-91 of the Trade Marks Act 1999
5 Sec- 92.
to the copyright board provided under the Copyright Act. The copyright board also acts as an appellate authority for the decisions of the Registrar besides having other incidental jurisdiction. The copyright board holds sittings practically all over India. To attend the hearing of the copyright board is tedious and costly for an average litigant. Anyone who has appeared before the copyright board knows how difficult it is for the litigant to pursue his cause before the copyright board.

The notification specifying the places where the appellate board under the Trade Marks Act will sit specifies Ahmedabad, Chennai, Delhi, Mumbai and Kolkata as the places where the intellectual property appellate board will sit. However, s 92 (1) of the Trade Marks Act 1999 gives powers to the Appellate Board in the matters of procedure, fixing places and times of hearing. It is possible that pursuing a case before the appellate board would be as tedious as experience as before the copyright board.

In view of the appellate board acting as the appellate authority under the Trade Marks Act 1999 and the Patents Act 1970, there is no justification for the legislature to retain the copyright board as the appellate authority under the Copyright Act 1957.

Considering the role that the appellate board has to undertake, and considering the legislation on intellectual property law in the offing, the legislature should have mooted a common intellectual property tribunal for
laws pertaining to intellectual property rights. The legislature should have amended the Copyright Act of 1957 and substituted the powers and functions of the Copyright Board by such an intellectual property tribunal or at least provided a common appellate Board.

Secondly, considering the increase in litigation before the copyright board under the Copyright Act and under the Trade Marks Act before the High Courts at present, it is imperative that the appellate board should have permanent offices and fixed sittings so as to make this board easily accessible for an average litigant. In other words, the certainty of availability and accessibility of the appellate board or tribunals is a necessity.

As an illustration of the need to have permanent benches with fixed sittings, consider the provisions of s 124 of the Trade Marks Act 1999. Section 124 of the Trade Marks Act 1999 provides that in any proceeding where the validity of registration of a trade mark is challenged, the affected party may approach the appellate board for rectification.\(^1\) If the court is convinced, the trail of the suit would be stayed until final disposal of the rectification proceedings.\(^2\)

In the Trade Marks Act 1958, there was a similar provision in s 111. However, the forum for rectification proceedings was the Registrar or the High Court, both having fixed places which a litigant can approach. However,

\(^1\)Section 124(1) of the Trade Mark Act, 1999.  
\(^2\)Section 124(2)
this may not be the case if the appellate boards are given powers to fix their own procedures including the fixing of places and time of hearing as provided for in s 92 of the Trade Marks Act 1999. In case of other intellectual property rights, the legislature has provided a plethora of appellate bodies.

Unlike the provisions of the Trade Marks Act 1999 and the Patents Act 1970 or the Copyright Act 1957, under the designs Act of 2000, an appeal against the decisions of the Controller such as cancellation of a design,1 lies in the High Court.2 The High Courts are required to frame rules in this regard. The Semiconductor Integrated Circuits Layout-Design Act 2000 provides for a ‘Layout-Design Appellate Board’. An appeal against the decision of the board by a petition lies to the High Court. The High Courts are required to frame rules for such appeals. Under the Protection of Plant Varieties and Farmer’s Rights Act 2001, the appellate authority is the plant varieties protection appellate tribunal.

Under the Biological Diversity Act 2002, an appeal against the orders passed by the national biodiversity authority or state biodiversity board lies to the High Court. Such an appeal must be filed within thirty days from the date of communication of the impugned order. The High Courts have been given the power to condone a delay up to 60 days.

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1 Section 19 of the Designs Act of 2000
2 Section 31(3) of the Designs Act of 2000
A perusal of the various provisions in respect of appeals in various intellectual property rights legislations, reveals a lack of application of mind on the part of the legislature while enacting or amending the existing legislations. There is no reason why there should be separate channels of appeals for different intellectual property rights. Some remedial steps will have to be taken to bring uniformity in appellate procedures. For example the Designs Act of 2000 can be amended and a provision can be made for challenging orders passed by the controller of designs to the appellate board. It is pertinent to note that the orders passed by the controller under the Patents Act 1970, by the amendment of 2002, can be challenged before the appellate board constituted under s 116 of the Patents Act 1970. Against the decisions of the intellectual property appellate board, an appeal should be provided to the High Court of the state.

As the High Courts have the power of judicial review of the decisions rendered by the subordinate judicial and quasi-judicial authorities, the decisions of the intellectual property appellate board would also be otherwise amendable to the writ jurisdiction of the High Courts. However in such a case, the jurisdiction will be encumbered by the principles of the exercise of writ jurisdiction. In the circumstances, a statutory appeal will be a better proposition, particularly when, at least in some statutes, such appeals to the High Court have already been provided.
It is pertinent to note that initially when the Administrative Tribunals Act 1985 excluded the jurisdiction of the High Courts, and provided that appeals would lie only to the Supreme Court, the Supreme Court in a case challenging the said provision, held that in such a case the aggrieved party has a right to move the High Court under art 226 and 227 of the Constitution of India. From the decision of the High Court, the aggrieved party can move the Supreme Court under art 136 of the Constitution of India.¹ In appropriate cases, the Supreme Court may consider decisions in any given case and decide the matter on merits.

It is also important to note here that a number of these Acts require that High Courts should frame rules to deal with matters arising out of the Act. For example, the Protection of Plant Varieties and Farmers’ Rights Act, the Biological diversity Act etc. The High Courts must take immediate steps to prepare proper and specific rules in such cases. To cite an example, in spite of the existence of Patent and Design legislations for almost a century, many High Courts did not have specific rules for deciding applications filed under the Patents Act or the Designs Act. In some courts,² such applications were considered under the residuary term ‘miscellaneous petitions’ without any specific rules as to whether the matters are to be decided only on the basis of affidavits or should be dealt with as a suit.

² For Example the Bombay High Court.
The ideal approach in this respect would be to constitute permanent intellectual property tribunals with Benches at fixed places. The intellectual property tribunal should have the jurisdiction to decide appeals or exercise other statutory powers contemplated under various intellectual property laws. Such intellectual property tribunals would make the enforcement of intellectual property rights more effective. The orders of these tribunals should be subject to appeal to the High Court.

If these points are attended to, the appellate boards or the intellectual property tribunals would provide great impetus to the development and protection of intellectual property rights in India. The intellectual property rights are going through a transitional phase, which, at least at present, seems to continue for a considerable time.

Cases

Copyright – Copyrights provide protection for original works of authorship. The types of creations addressed by copyright range from traditional works of art, including literature, music and visual art, to such modern form of artistic expression as sound recording motion pictures and even computer software. Copyright protection arises automatically, as soon as the work has been fixed intangible form. Author may register their works with the copyright office, however and obtain certain procedural and substantive advantages during copyright enforcement. The copyright law affords authors
the exclusive right to reproduce, adapt and publicly distribute, perform and display the protected work, subject to certain limitations such as the fair use privilege. A variety of more specialized rights are provided to certain types of works or in certain specific situations. The term of copyright is ordinarily the life of the author plus seventy years. Thus, the essence of copyright is to confer certain exclusive rights on the owner to deal with the work in certain ways. Copyright protects the particular form of expression but not the ideas and thoughts on which the expression is based. Others are free to write about the same subject matter or theme. Traditionally, copyright has embraced literary, dramatic, artistic and musical works, as well as sound recordings, films sound and television broadcasts and published editions of works. Moreover, in recent times the range of copyright has expanded e.g. the word ‘literary’ has been stated to include computer software and electronic data bases artistic work have extended to technical drawings, sound recording and films have included videos and CDs. More recently, performers’ right have been recognized and moral rights regime has been recognized and moral rights regime has been installed within the framework of the copyright system.

**CASE STUDY: Super Cassette Industries Ltd v Entertainment network (India) Ltd. (2004) 29 (PTC) 8 (Del)**

Fact of the Case: In this case, it is the denial of licence to the newly permitted private F.M. Radio to broadcast musical works by the owners that
resulted in issue of compulsory licence by the Copyright Board and further litigation. In Super Cassette Industries case the appellant is the producer of large number of music cassettes. The respondents who are operators of a FM Radio station by name Radio Mirchi started broadcasting the musical work without licence when the same was denied. The appellant filed a suit for infringement of copyright in their musical work and the suit was pending. The respondents pending litigation applied for compulsory licence to the Copyright Board. The board issue the licence without examining all the evidence. On appeal, it was argued that since the appellant had already issued licence to two prominent broadcasters to issue compulsory licence in such cases.

Judicial decision: The scope of Section 31 of the Copyright Act deals with compulsory licences was considered by the Delhi High Court.

One of the questions examined by the court was whether the copyright board has power to issue compulsory licence to more than one person as per the scheme of the Act. After examining Section 31 the Court opined:

"When the licence have already been granted to other broadcaster, who have substantial presence, then perhaps the application for grant of compulsory licence will be treated differently, than in a situation where the artistic work has been totally withheld from the public. The legislature in its wisdom has used the expression ‘may’ in Section 31(1). According to Section
it is not imperative for the Board to grant licence to each and every complainant. In our opinion licence can be granted on denied on valid ground .......... In case compulsory licence have to be granted to all, then there was no need of any enquiry as envisaged by this section.

"We have carefully considered this aspect and we are in agreement with the respondent that once a copyright is taken in public domain then it becomes commercial right and refusal to grant licence has to be on reasonable ground....... Once the copyright is in the public domain, refusal has to be on reasonable and valid ground ....... While making an order under Section 31(1) of the Act, the Board has to maintain a delicate balance private rights and the copyright vis a vis public interest.

It was also contented by the appellant that since the respondent was infringing the copyright of the appellant, they did not have the right to apply for compulsory licence under the Act. This was accepted by the court and directed the respondent to stop infringement. The case was sent back to the Copyright Board for fresh reconsideration. Patents, Trade Secrets – Patents provide exclusive rights to inventors of new, useful and non-obvious inventions. The patent law concerns hard technologies, including chemical, electrical and mechanical products and processes, as well as other pragmatic innovations in field ranging from biotechnology to business methods. An inventor may obtain a patent by filling a patent applications with the Patent Office. Such an application must completely describe and precisely claim the
invention. Issued patents confer the right to exclude others from making using selling, offering to sell or importing into the United States the patented invention. The term of a patent is 20 years from the date the application was filled. Thus, patents are granted in respect of inventions, i.e. technological improvements, great and small, which contain at least some scintilla of inventiveness over what is previously known. To take the standards now operating, they are typified by the following:

1. They issue from a patent office after s substantial examination of their validity.

2. They last for a maximum of 20 years from application; and

3. They require that the invention be publicly described in the patent specification.

In addition to the usual sort of patent, technically known as a “utility patent”, the intellectual property laws also provide for other sorts of patent and patent-like rights. Design patents are available for new, original and ornamental designs. A plant patent may be issued for a distinct and new variety of plant has been a sexually reproduced, through grafting budding or similar techniques. Plant variety protection certificates are available for sexually reproduced plants, including most seed-bearing plants, provided they are stable and clearly distinguishable from known varieties. The principal intellectual property alternative to patents is trade secret law.
Valuable information that is not publicly known and that is subject to measure to preserve its secrecy may be granted trade secret rights under state statutory or common law. Unlike patents, no formalities are required to maintain trade secret protection. Trade secret protection is more limited than offered by the patent law, however. Trade secret law does not prevent reverse engineering or independent discovery of the protected information, for example, while patent right would Trade secret rights endure for as long as the protected information, is not known to the public.

**CASE STUDY:**

**Hindustan Lever Ltd. vs. Godrej Soaps Ltd. AIR 1996 Cal 367**

Fact of the Case: It has been submitted on behalf of the petitioner company that the respondent, the manufacturer of a bathing soap named ‘Vigil’, on chemical analysis was found coming within the range of all or some of the claims of the patent of the petitioner. As a result of the wrongful and illegal cuts of the respondents, the petitioner company has suffered irreparable loss, damage, injury and prejudice. There exists no standard for ascertaining the actual damage caused or likely to be caused to the petitioner and if the respondents were permitted to carry on or to continue with equate relief to the petitioner.

Judicial decision: Therefore, it was held that the damage is irreparable and the issue of balance of convenience or inconvenience was decided in favour
of the petitioner. That the grant of interlocutory injunctions in patent infringement actions are governed by the same considerations as in other actions. Therefore, an applicant for an interlocutory injunction against patent infringement must show:

(i) A reasonable probability of eventual success in the litigation;

(ii) That the movant will irreparably injured pendent lite if relief is not granted;

(iii) The possibility of harm to other interested persons from the grant or denial of the injunction; and

(iv) The public interest.

The grant of an interlocutory injunction does not require that infringement be proved beyond all question, or that there be no evidence supporting the view point of the alleged infringer. The movant for preliminary injunction must show not only a reasonable likelihood of success on the merits, but also lack of adequate remedy at law or other irreparable harm. Irreparable harm is usually presumed when a clear showing has been made of patent validity and infringement.

CASE STUDY: Cadila Pharmaceuticals ltd vs Instacare Laboratories Pvt Ltd (2001) PTC 472 (Guj)
Fact of the Case: In this case the plaintiff invented a new process for the manufacture of penicillin and lactobacilli and started selling the product in the name of “LUX”. The new process is of coating lactobacilli thereby isolating the dose of lactobacilli from antibiotic substance by a thin protective film. This is to prevent the antibiotic affecting the effects of lactobacilli. The benefit of this process is that such combination medicine when consumed orally even after long time, the lactobacilli is still effective and successfully counteract the side effects caused by the antibiotic. The patent was granted to the plaintiff in March 2000 in India. It was alleged in a suit for infringement of patent that the defendants started manufacturing similar products using the same process. The defendants opposed the grant of temporary injunction and challenged the validity of the patent on the ground of lack of novelty. The plaintiff countered arguing that since the defendant did not oppose the grant of patent or filed an application for revocation of the same they do not have a right to challenge the validity of the patent at the stage of grant of interlocutory injunction.

Judicial decision: Gujarat High Court examined the question whether the validity of a patent could be looked into at the time of granting interlocutory injunction came to be examined in this case. The court rejected this and observed:

Section 107 expressly empowers a defendant any suit for infringe of a patent. Every ground on which a patent may be revoked under section 64
shall be available as a ground of defence. Hence, in view of Court, though the defendants have chosen not to give notice of opposition under section 25 of the Act or to apply for revocation under section 64 of the Act have right to defend the action for infringement of subject patent on any ground on which the patent can be revoked under section 64 of the Act”.

**Trade Marks and Related Rights:**

Trade Marks and related aspects of trading goodwill (get-up, trade names of business etc.) are protected as symbols needed by the consumers to distinguish between competing products and services in a market economy. As long as they continue to be used in trade these signs are a prominent part of good will and rights in them cannot be subject to any maximum duration. In Intellectual property systems, rights are conferred either by virtue of formal registration or else because of a reputation generated by actual trading (mainly through the action against passing-off). Thus, trade marks consist of any word or symbol used by a merchant to identify its goods or services and to distinguish them from those of others. To be subject to protection under the trademarks law, a mark must successfully distinguish the origins of its associated goods, and not be confusingly similar to marks used by others or merely describe the characteristics of those goods. Trade marks rights arise under state law as soon as the mark is used on goods in commerce. However, trade marks may be registered with the PTO, a step that affords significant substantive and
procedural advantages. Trademarks law also protects the appearance of product packing and, in some cases, the actual physical configuration of the goods, if these serve as brand identifiers. A trade marks owner may prevent others from using any mark that creates a likelihood of confusion as to the source or sponsorship of the associated goods or services. Trade marks rights persist so long as the mark continues to be used and retains its distinctiveness. Trade marks form one arm of the common law of unfair competition, a collection of principles that encourage the maintenance of honest practices in commercial affairs. A number of other doctrines are grouped under this heading, including passing off reverse passing off, dilution and false advertising.


Fact of the Case: The appellants and their bottlers were given permission to use the trademark “Leher” based on an agreement “PFL Bottling Agreement and Trade mark License Agreement with Bottlers”. According to the terms of the agreement, the bottlers have to pay 2.75 per cent of the maximum retain price as royalty for the use of the trade mark “Leher”. The petitioner did not include this amount along with the price of the concentrate they sold to the bottlers for the purpose of central excise payment. The officials issued notice for payment and when it was challenged, the lower courts ordered for the payment on the ground that royalty is an inseparable part of the price of
the concentrate as per the agreement. Before the Supreme Court it was argued that the price of the concentrate and the royalty are two separate transactions in the agreement and the tax liability is the limited to the price of the concentrate.

Judicial decision: Court after examining the terms of the agreement and section 4 of the Central Exercise and Salt Act, 1944 the court rejected this contention and opined:

There is an element of control in respect of the entire business operations of the bottlers. There exists an inextricable bond between the obligation to the bottler to purchase the concentrate exclusively from the assessee and the use of trade mark of assessee subject to payment of royalty. The royalty which is realizable as a consideration for authorizing the use of trade mark cannot, therefore, be viewed in isolation.

The fact that the royalty is charged for permitting the use of the trade mark but not as part of price for specific units of concentrate sold does not detract from the fact that the overall consideration for the sale of concentrate is not merely its price stated in the invoice. It is something more than that, namely, royalty to be revised periodically.

Under the agreement, the obligation to buy the concentrate at the price fixed by the seller (appellant) and the obligation of the buyer to manufacture the bottled soft drink, to sell the same by using the trade mark
of the appellant and to remit the prefixed royalty charges is inseparable from one another”.

**Designs and Related Rights –**

Design law confers an exclusive right to apply a design to an article of manufacture. The proprietor enjoys a monopoly. By design is meant shape or appearance incorporated in an industrial product or applied to it, which given the product an attractive appearance like patents and trade-marks, design protection is dependent on registration. ver, the design registration system differ from country to country in the extent to which the right granted is into patent protection (in the form of a fully monopoly) or to copyright (requiring copying). Some use artistic copy-right itself to give protection of the designs of industrial products, often with some modifications of its scope. This may rise awkward questions about whether the two types of protection can be cumulative. A design is aspects of or features applied to an article or product, it is not the article or product itself. In intellectual property, the word ‘design’ has restricted meaning. In normal usage the word ‘design’ can be taken to mean a plan or a scheme, which may be written or drawn, showing how something is to be constructed, or how the elements of an item or article are arranged. Alternatively, a design may be a decorative pattern. In legal terms, a design is defined by reference to the provisions applicable to either the registered designs that are ornamental or aesthetic, and are applied on industrial
products. Such designs are usually non-functional and merely enhance the aesthetic appeal of industrial products, although purely artistic designs that cannot be applied to any utilitarian objects are excluded i.e. designs that are dictated solely by the function which the articles, to which these are applied, are to perform.

**CASE STUDY: Ampro Food Products v Asok Biscuit Works (AIR 1973 AP 17)**

Fact of the Case: In this case, the appellants and respondents manufactured biscuits. The appellant’s design was registered. The respondent’s biscuit also had an identical design embossed on them except that instead of letters “AP” (which were embossed on the appellants’ biscuits) letters “AB” appeared on the respondents’ biscuits. The appellants filed a suit for injunction claiming that the respondent had committed piracy of his design. Pending disposal of the suit, they sought interlocutory injunction.

Judicial decision: In this case court held that, for an injunction based on registered design, the defence that the appellants’ design was not new or original was not open to the respondent since he had not taken any steps for the cancellation of the registration of design. The court issued interlocutory injunction restraining the respondents from using the appellants’ registered design and from selling biscuits bearing that design.
Geographical Indications – The geographical indications of goods provides adequate protection for the interests of producers of such goods. In respect of any agricultural goods, natural goods or manufactured goods or any goods of handicraft or goods of industry including food stuff there is no specific law governing geographical indications of such goods, which could adequately protect the interests of producers of such goods. To prevent unauthorized persons from misusing geographical indicating would protect consumers from deception and would add to the economic prosperity of the producers of such goods and would also promote goods bearing geographical indications in the export market.

**CASE STUDY: Dyer Meaking Breweries v Scotch Whisky Association (AIR 1980 Del 125)**

Fact of the case: The genesis of this case was an application filed by Dyer Meakin Breweries, the defendant company, to register the mark ‘Highland Chief’ in respect of a product described as ‘malted whisky’. The trade mark also contained the device of the head and shoulders of a Scottish gentleman wearing feather bonnet and plaid and a tartan edging. Highland is the region in Scotland most famous for Scotch Whisky.

It was contended by the Association that the description ‘Scotch Whisky’ was not generic but related solely to the geographical origin of the product and meant whisky distilled in Scotland. Further, the words ‘Highland
Chief’ when used in relation to malted whisky would be assumed by purchasers to relate to a product of Scotland since the Highlands of Scotland are an area world famous for the production of whisky. It was also stated that the impression created by the words ‘Highland Chief’ was further reinforced as the label bore prominently the device of the head and shoulders of a gentleman dressed in Scottish Highland costume wearing inter alia, feather bonnet and plaid edged with tartan, a well-known symbol of Scottish origin. It was submitted that the mark in question was likely deceive or cause confusion as to origin and source.

In its defence, Dyer Meakin Breweries conceded that the expression ‘Scotch Whisky meant whisky distilled in Scotland and The Assistant Registrar of Trade marks rejected the opposition on the ground that there was no evidence to indicate that the purchasing public in India associated the words ‘Highland Chief’ with whisky produced in Scotland. However, SWA’s appeal against the decision before the single judge of the High Court of Delhi was accepted and the

Judicial decision: The Delhi High Court affirmed the order of the Registrar of trademarks by which he refused to register the applicant’s mark proposed to be used on whisky produced in India.

However, Scotch Whisky Association’s appeal against the decision before the single judge of the High Court of Delhi was accepted and the
application filed by Dyer Meakin was dismissed. Dyer Meakin appealed to the Appellate Bench of the High Court of Delhi.

The Appellate Bench upheld the order of the single judge and held that:

It would thus follow inferentially that the words ‘Highland Chief’ by themselves or because of the presence of pictorial representation of the Highlander on being used as a trade mark in respect of the applicant’s whisky, which admittedly is not Scotch Whisky, would be likely to deceive or confuse unwary purchasers in thinking that the Whisky is Scotch Whisky.

The Appellate Bench further went on to hold the use of Highland Chief as a case of false trade description within the meaning of the Indian Trade and Merchandise Marks Act 1958. Under the Act, ‘false trade description’ means, inter alia, a trade description which is untrue or misleading in a material respect as regards the goods to which it is applied. The expression ‘trade description is further defined to mean description as to the place or country in which any goods are made or produced. The device being a well-known symbol of Scottish origin would enhance the impression made by the words ‘Highland Chief’ as having some nexus with Scotch Whisky produced in Scotland. Highlanders being Scottish soldiers are well known in history and literature and the Highlands are well known as the best region of
Scotland producing Scotch Whisky. It was held that the trade mark would, therefore, be a false trade description disentitled to protection under the Act.

The recent ruling by the Authority for Advance Ruling (‘the AAR’), in the case of Foster’s Australia Ltd. vs. CIT : 170 Taxman 341, has far reaching implications on the cross-border deals having nexus to India and has evoked debate among community of tax professionals.

**Facts**:

In this case, Foster’s Australia Limited (‘the applicant’) was owner of trade name, trade mark, brand and other intellectual property related to Foster’s Beer.

The applicant entered into Indian market, in the year 1997, and granted an exclusive license to Foster’s India Limited (‘FIL’), to brew, package, label, and sell Foster’s Lager (beer) and an exclusive right of use of the trade-marks within the territory of India and also authorized to use the Mark (Foster’s) as part of corporate name.

During the year 2006, the applicant executed a sale and purchase agreement (‘the SP Agreement’) in Australia, with a UK based company SAB Miller. SP Agreement was a composite agreement for sale of shares and the transfer of all right, title and interest in India in (a) trade marks (b) Foster’s brand intellectual property and (c) Foster’s brewing intellectual property.
The applicant sought ruling from the AAR, inter-alia, whether transfer of right, title and interest in the applicant’s trade marks, brand’s intellectual property and grant of exclusive perpetual license of brewing intellectual property is taxable in India under the Income-Tax Act, 1961 (‘the Act’) and the Double Taxation Avoidance Agreement between India and Australia (‘the DTAA’)?

It was also the case of the applicant that erstwhile license agreement with FIL was terminated prior to execution of the SP agreement and hence the intellectual properties reverts back to the applicant prior to their assignment, without any encumbrance.

As per section 9 of the Act income arising through the transfer of capital asset situate in India would be deemed to accrue and arise in India and therefore taxable in India. Thus, if the asset is situated in India, it is immaterial that the actual process of transfer viz. the execution of transfer documents had taken place outside India.

Section 2 (14) of the Act define capital assets as a ‘property of any kind’ held by an assessee whether or not connected with his business or profession. Further, ‘property of any kind’ undoubtedly includes intellectual property. Hence there was no dispute as to whether trade marks, brand, goodwill and technical knowhow relating to the manufacture of goods would qualify to be capital assets.
The dispute was limited on the issue whether the capital asset, being intellectual property, can be said to be situated in India. In other words, the question before the tribunal was to decide whether the situs of the intellectual property viz. trade name, trade mark, brand and other intellectual property related to Foster’s Beer, was in India.

In relation to the situs of trade marks and brand's intellectual property, the AAR gave consideration to the following fact:

i. The intellectual property was being put to use in India from the year 1997 through an exclusive license granted to FIL.

ii. The applicant retained ownership of the intellectual property and by means of appropriate stipulations in the license agreement has ensured that the beer propped up by its trade-marks and brand and the brewing technology offered by it, acquired value in the form of reputation and goodwill in the market.

iii. The SP agreement has also recited that the Foster’s Australia Limited was owner of certain trade marks in the Indian Territory.

The AAR concluded that marketing intangibles comprising of Foster’s trademarks and brand which were in use for nearly a decade, had their abode in India. The AAR further observed that even if some of these trade-marks were used elsewhere also, their existence in India cannot be denied.
The commercial exploitation of the trade-marks and brand by the applicant, aided by the marketing and advertising efforts of FIL resulted in creation of valuable intangible asset in India.

The trademark/brand intellectual property had its location in India also as it had perceivable impact on the business being carried out by FIL with exclusive license in India.

The AAR made certain critical observation in this case, viz:

- The predominant component of trade-mark and brand is goodwill associated with them.
- Goodwill is territorial in the sense that it exists at a place where the related business exists.
- The intangible assets or incorporeal property can have more than one situs.
- The goodwill cannot be said to have perished in India and shifted its location, lock, stock and barrel at the very moment at which the events of ‘completion’ and ‘assignment’ took place.

However, in relation to the situs of the intellectual property in, relation to brewing, the AAR reiterated its earlier ruling in the case of Pfizer Corporation, in re (141 Taxman 642) and held that the same is not in India.
In the case of Pfizer Corporation, the issue of situs of technical information was involved.

In that case dossier for the manufacture of certain food supplement products by the applicant in India was transferred to another company, and transfer took place in Bangkok. Before the event of transfer took place, transferee paid a substantial amount as consideration for the early termination of the license granted to the Indian company to manufacture the product with the trade-marks registered in India.

The AAR observed that once the Indian company entered into an agreement with transferee for early termination of license to manufacture the impugned products, the technical know-how reverted back to the owner and there was extinguishment of the right to manufacture.

In Pfizer Corporation case, it was ruled that after termination of the license, asset related to technical know-how was not located in India either in tangible or intangible form. Thus, the situs of technical information which is subject matter of the sale agreement was not in India in any form after such termination.

**Observations in the ruling:**

In the case of Fosters Australia the AAR classify the intellectual properties into following categories, viz:

```
A) Properties which are associated with the market segment and gives the product a distinguish identity in the market segment among consumer. Such intellectual property is identifiable, as such. The source of such intellectual property is long standing goodwill of the products in the market. Trade mark, Trade names and Brand names are example of such properties.

B) Properties which are not associated with the market. They are not identifiable and basically in the nature of covert process of doing the things in particular manner. Such kinds of properties are not disclosed in market and hence are not identifiable in the market, e.g., patent, industrial design, industrial process.

In relation to the intellectual process of first category, the AAR laid down that:

i) The value of these intellectual properties, viz. trade mark is proportionate to the goodwill associated to the trademark/brand name and once the there is transfer of trademark that implies that there is transfer of goodwill associated to such trademark.

Based on this point of view the AAR ruled that all the attribute of goodwill are applicable on the trademark also.

ii) It was further observed that trademark is territorial in the sense that it exists at a place where the related business exists and the same
cannot divest from such territory merely by way of transient suspension of its use within such territory.

iii) It was also observed that it took a long time to create a brand value/goodwill in a business and the converse is also true i.e. the brand value/goodwill can’t be vanished overnight, by entering into an agreement or termination of an agreement.

iv) Further, the intangible property may have more than one situs and if a brand name is situated outside India that does not automatically mean that same would not be situated in India. In fact, it was clarified that the intangible property may be simultaneously situated at more than one states.

In relation to the second category of the intellectual property, it was observed that:

i) These properties are not identifiable in the market segment by the consumer and do not give distinguish identity to the impugned product but it is inherent process of doing the things.

ii) The property is vested in the owner of the property. The situs of the property may divest from a territory immediately on the termination of its use in its territory and in such case reverts to the original holder of such right.
It was ruled that the assets of first categories are situated in the state where the market is situated because these properties are identifiable in the market and there situs is where the market is. Thus, the gain arising from the transfer of such assets would accrue of arise in the state where the asset has situs i.e. where it is identifiable in the market.

Assets of the second category have the situs where the owner of the property is situated and have exclusive right to use such assets through out the impugned jurisdiction. As these assets have no identity to the market so situs is not dependent on market.

3. **Case Studies on Companies utilizing the IP System to develop Business or Increase Economic Activity**

3.1 **Comparison of Company’s Data among major Industry Fields**

In order to analyze the effect of Intellectual Property system on economic development, three industrial sectors i.e. Pharmaceutical, Biotechnology and IT Sector were studied in the present report.

3.1.1 **Pharmaceutical Sector:**

The Indian Pharmaceutical Industry today is in the front rank of India’s science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. A highly organized sector, the Indian
Pharma Industry is estimated to be worth $4.5 billion, growing at about 8 to 9 percent annually.

### 3.1.1.1 Ranbaxy:

Headquartered in India, is an integrated, research based, international pharmaceutical company, producing a wide range of quality, affordable generic medicines, trusted by healthcare professionals and patients across geographies. It is ranked amongst the top ten generic companies worldwide.

#### KEY INDICATORS:

- **Founded in 1961 in Gurgaon.**
- **Total sales $1.03 billion (2004), $1.2 billion (2005).**
- **Exports account for 58 percent of sales.**
- **Largest markets include: U.S., Brazil, Russia, China.**
- **28% of sales are in the U.S. market.**
- **Sales generic drugs in over 100 foreign countries, manufacturing operations in countries, and offices in 44.**
- **R & D budget : $75 million (2004).**
- **Employment :- 1,700**
3.1.1.2 Dr. Reddy’s Laboratories:

Dr. Reddy’s is India’s third largest integrated company offering a range of generic and branded drugs and active pharmaceutical ingredients. Most of Dr. Reddy’s sales are of branded drugs reversed engineered versions of drugs patented in the West. In 2005, branded drugs accounted for 41 percent of total revenues and APIs accounted for 34 percent.

<table>
<thead>
<tr>
<th>KEY INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>India’s 3rd largest drug producer.</td>
</tr>
<tr>
<td>Revenues : $502 million (July 2006).</td>
</tr>
<tr>
<td>66% of revenues earned in foreign markets.</td>
</tr>
<tr>
<td>41% of earning derived from formulations.</td>
</tr>
<tr>
<td>Investing 6.5% of sales in R&amp;D.</td>
</tr>
<tr>
<td>Employees : 7,525.</td>
</tr>
</tbody>
</table>

3.1.2 Biotechnology Sector

India being on the ‘threshold of biotech revolution’ has 280 biotech and 180 bio suppliers contributing to the total biotech market worth US $100 billion. The country has a global market worth $91 billion and there is scope for cheap R&D through bio-partnering and co-developing technologies mainly with Chinese and American companies. Already the world pharma companies are seeking India to set their research and development centers
here. Moreover, to facilitate foreign investment, capital and government policies are being revised.

3.1.2.1 BIOCON:

Biocon is India’s leading biotechnology enterprise. Over the past 28 years, it has evolved from an enzyme manufacturing company to a fully integrated biopharmaceutical enterprise, focused on healthcare. It applies its proprietary fermentation technologies to develop innovative and effective biomolecules in diabetology, oncology, cardiology and other therapeutic segments. The success of Biocon, has been because of its ability to develop innovative technologies and products and to rapidly leverage them to adjacent domains. This unique "integrated innovation" approach has yielded a host of patented products and technologies that have enabled multi-level relationships with our global clientele.

<table>
<thead>
<tr>
<th>KEY INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from research services increased by 52% to Rs. 1,006 million in 2005-2006 from Rs. 662 million in 2004-2005</td>
</tr>
<tr>
<td>Total Income increased by 9% to Rs. 7,932 million</td>
</tr>
<tr>
<td>R&amp;D spend increased 76% to Rs. 764 million</td>
</tr>
<tr>
<td>Dividend recommended at 50% (Rs. 2.5 per share)</td>
</tr>
<tr>
<td>Operating Margins sustained at a healthy 30% at Rs. 2,340 million</td>
</tr>
</tbody>
</table>
3.1.3 Information Technology Sector:

The computer software and services industry of India has been recognized globally in view of its substantial size in global market and the wide spectrum of technologies responded by it. Industry as well as the Government is making all efforts to retain this situation of leadership and operate in a manner conducive to respect the Intellectual Property Rights of others and make effort to create one’s own Intellectual Properties. With US $ 50 billion export target by year 2008 and currently reaching size of US $ 16.7 billion production in year 2004-05.

India is a hub of patent filing ideas for the IT based U.S. companies. Indian units of Cisco Systems, Intel, IBM, Texas Instruments, GE have filed 1,000 patent applications with the US Patent Office and Texas Instruments has 225 US patents awarded to its Indian operation. Opportunities for the Indian IT industry in the coming days are going to emerge primarily from the fields of embedded systems, chip design and incorporating software in non-Computing devices.

3.1.3.1 WIPRO

<table>
<thead>
<tr>
<th>Wipro is fourth largest company in the world in terms of market capitalization in IT services and has its presence in 35 countries along with 10 near shore development</th>
<th><strong>KEY INDICATORS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Founded in 1945</td>
</tr>
</tbody>
</table>

Wipro is the largest third party global R&D services provider and has over two decades of experience in software products engineering. It has partnership with a leading, US based semiconductor manufacturer for automotive System-on-Chips (SOC). In semiconductor segment, it provides services in SOC, ASIC, Board, FPGA, Embedded OS/RTOS Development and Porting, Diagnostics and Firmware, and System Software for SOC.

<table>
<thead>
<tr>
<th>Headquarter : Bangalore</th>
</tr>
</thead>
</table>
| Serviceline :
VLSI:ASIC &SoC designs, complete system designs, DSPs, multimedia codecs, product strategy & lifestyle management, product support, firmware development, application software development |
| 2005 revenue : $ 2.4 million |
| 2005 net profit : $ 456 million |
3. 2 Results of Analysis

3.2.1 Summary of Industrial data

<table>
<thead>
<tr>
<th>Company</th>
<th>No. of Patents filed during 1995-2005</th>
<th>Employee</th>
<th>R&amp;D Budget (US $ in millions)</th>
<th>Total Global Sale (US $ in millions)</th>
<th>Revenue (US $ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Reddy’s Laboratories</td>
<td>205</td>
<td>7525</td>
<td>50.40</td>
<td>534.5</td>
<td>24300</td>
</tr>
<tr>
<td>Ranbaxy Laboratories</td>
<td>259</td>
<td>1700</td>
<td>75</td>
<td>1,176</td>
<td>4500</td>
</tr>
<tr>
<td>BIOCON</td>
<td>800</td>
<td>3000</td>
<td>81.25</td>
<td>13.8</td>
<td>2100</td>
</tr>
<tr>
<td>WIPRO</td>
<td>13(2007)</td>
<td>20000</td>
<td>-</td>
<td>1700</td>
<td>1,353</td>
</tr>
</tbody>
</table>

3.2.2 R&D Expenditures in Major Sectors Indian Industry

<table>
<thead>
<tr>
<th>Sectors</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>184.4</td>
<td>187.6</td>
<td>222.4</td>
<td>278.8</td>
<td>306.1</td>
<td>447.9</td>
</tr>
<tr>
<td>Machinery</td>
<td>98.5</td>
<td>102.9</td>
<td>108.0</td>
<td>109.8</td>
<td>111.4</td>
<td>153.8</td>
</tr>
<tr>
<td>Textiles</td>
<td>7.8</td>
<td>5.8</td>
<td>8.1</td>
<td>7.6</td>
<td>8.0</td>
<td>6.9</td>
</tr>
</tbody>
</table>

3.2.3 Patents filed by Indians and Foreigners:

A comparison of patents filed by Indians and foreigners shows that the share of Indians in patents have increased over the years surpassing the foreigners in the year 2004-2005 (Fig. 5)
3.2.4. Ratio of R&D to Sales of Major Sectors of Indian Industry:

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Dec-95</th>
<th>Dec-98</th>
<th>Dec-99</th>
<th>Dec-00</th>
<th>Dec-01</th>
<th>Dec-02</th>
<th>Dec-03</th>
<th>Dec-04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>0.2</td>
<td>0.3</td>
<td>0.3</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Drugs &amp; Pharmaceuticals</td>
<td>1.4</td>
<td>1.3</td>
<td>1.5</td>
<td>1.6</td>
<td>2.1</td>
<td>2.7</td>
<td>2.9</td>
<td>4.1</td>
</tr>
<tr>
<td>Food &amp; Beverages</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Machinery</td>
<td>0.6</td>
<td>0.7</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.7</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>Textiles</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>

4. Analysis of reforms that exerted influence on economic development underpinned by the IP system using economic models

4.1 Impact of IP Creation:

The patent production function or the knowledge function, relates the number of patent applications filed by a firm in a given year to the
investment in R&D (Fig. 4) as well as gross domestic product GDP and other firm characteristics. However, in a developing country like India, firms do not have a long history of R&D or patenting. The technological spillovers are included in the data as a determinant of patenting is that Indian R&D is mainly adaptive rather than innovative. Past innovations induce shifts in technological opportunities because new discoveries can lead to an exploration of new research areas and increase technological opportunity. Since the benefits of R&D are not entirely appropriable, R&D spillovers occur when the fruits of a firm’s research activity benefit other firms in the industry. The number of patents applications would increase with the ability of firms to assimilate R&D spillovers.

![Fig.4. Relationship between Patents filed and R & D expenditure](image)

The number of patents obtained and applied is positively related to gross domestic product. Higher the GDP results in higher number of patents obtained and applied. The results also show that there is a positive relationship between the patents and R&D expenditure and I P index. The
R& D expenditure will lead to the marginal increase in the patents obtained and applied. The results may improve after the introduction new patent policy 2005 and can be improved by studying the longer time period.

**ROLTA INDIA PVT.LTD.**

Rolta India limited is an Indian company operating in India and overseas: It provides software/information technology based engineering and geospatial solutions and services to customers across the world and has executed projects in more than 35 countries. Rolta is headquartered in Mumbai and operates through a network of twelve regional/branch offices in India and seven subsidiaries located in USA, Canada, UK, The Netherlands, Germany, Saudi Arabia and UAE. It is listed on the Bombay Stock Exchange and National Stock Exchange in India.

Rolta is India’s leading provider of GIS/Geo-Engineering solutions and services and one of the major AM/FM/GIS photogrammetry service providers in the world for segments such as Defense, Environment, Electric, Telecom, Gas, Emergency Services, Municipalities and Airports. The company’s customer base for GIS projects is spread across 17 countries with multi million dollar projects executed in various parts of the world. Rolta is also leading provider of plant design automation solutions and services in India and one of the major plant information management services providers worldwide. The company’s customer base for such business is spread across
22 countries with over 500 projects executed in various parts of the world. To move up the value chain in the engineering domain, the company has established a joint venture with Stone & Webster Inc., USA, namely SWRL-Stone & Webster Rolta Limited. SWRL has access to Stone & Webster’s proprietary technology. This joint venture provides high quality engineering services worldwide and undertakes selective refinery, petrochemicals and power projects in India.

The company provides e-Security implementation services, rapid application development and software testing services to its customers worldwide. In on-going partnership with CA’s, the company has executed over 350 projects globally in 18 countries. Rolta globally has around 2500 employees. Nearly 5% of the company’s workforce has engineering qualifications, including significant numbers with master’s degrees or doctorates and Rolta ensures constant ongoing training to its professionals. The annual IDC-DQ best Employers Survey has consistently ranked the company as one of the top employers in the IT industry in India.

Rolta quality standards are benchmarked to world class levels, with top quality certifications such as ISO 9001 : 2000, BS 7799, and SEI CMM level 5. The British Standards Institution (BSI) has awarded Rolta the BS15000
certification for its entire range of IT service management processes. This unique accreditation has been bestowed on less than 25 companies globally.

**Measuring the intangibles**

A company’s balance sheet discloses the financial position or rather health of the company. The financial position of an enterprise is influenced by the economic resources, financial structure, liquidity, solvency and its capacity to adapt to changes in the environment. However, it is becoming increasingly clear that intangible assets have a significant role in defining the growth of a company. So often, the search for the added value invariably leads us to calculating and evaluating the intangible assets of the business.

**A Concept of Economic Value Added (EVA)**

Economic Value Added (EVA) is the financial performance measure that aims to capture the true economic profit of an enterprise. EVA is developed to be a measure more directly linked to creation shareholder wealth over time. Hence, it focuses on maximizing the shareholders wealth and helps company management to create value for shareholders. EVA refers to the net operating profits of the company which is opportunity cost.
\textit{EVA is calculated as Net operating Profit after tax (-NOPA T) - (Capital*Cost of Capital)}

Generally, all intangible assets are being measured in terms of economic value added by those particular intangible assets.

**Brand Value - an important intangible asset**

Brands are more than just a name, a trademark for a product or a service mark for a service. A brand is a complex concept that creates organizational value and performs number of important functions for every enterprise. Brands and their combined Brand equity constitute a major economic force within the entire global economy, delivering market place value, shareholder wealth, livelihood, prosperity, and culture. Successful brands are recognized as rare and valuable assets that must be exploited carefully, with wise and knowledgeable management that retains their financial value, their economic power and their social significance.

A brand is a very special asset and in many businesses it is the most important asset. This is due to the far reaching economic impact that brands have on enterprise. Brands usually influence the choice of customers, employee’s, investors and government authorities. In a world of abundant choices such influence is crucial for commercial success and creation of shareholder value. Brands have also demonstrated a unique durability and sustained competitive advantage unmatched by any other corporate asset.
Brand is an intangible asset and there are several methodologies suggested and prevalent for valuing brands. Some of these methods are cost, market value, economic use and royalty relief. Rolta utilizes “Economic Use” model. This model is one of the standard methodologies in brand valuation by companies in the software industry.

This method is basically a combination of market factors and financial parameters to arrive at the value of the brand. It uses Brand Strength Model which arrives at a brand strength score based on various market parameters. This score is multiplied by the net brand earnings to estimate the brand value. The Brand strength Model is used to determine the value of a brand based on the assumption that a strong brand is more reliable for future earnings with lesser risk.

Rolta has used the following method to calculate the brand valuation.

**Table : 1 Calculation of Brand Value of Rolta India Pvt. Ltd.**

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Particulars</th>
<th>2004-05</th>
<th>2003-04</th>
<th>2002-03</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Profit Before Interest and Taxes</td>
<td>1,226</td>
<td>1,014</td>
<td>1,504</td>
</tr>
<tr>
<td>2.</td>
<td>Less - Non Brand Income</td>
<td>103</td>
<td>88</td>
<td>57</td>
</tr>
<tr>
<td>3.</td>
<td>Adjusted PBIT (1-2) = 3</td>
<td>1,123</td>
<td>926</td>
<td>1,447</td>
</tr>
<tr>
<td>4.</td>
<td>Profit for the brand and associated intangibles</td>
<td>1,123</td>
<td>926</td>
<td>1,447</td>
</tr>
<tr>
<td>5.</td>
<td>Average capital employed</td>
<td>5,723</td>
<td>6,200</td>
<td>5,410</td>
</tr>
<tr>
<td>Item No.</td>
<td>Particulars</td>
<td>2004-05</td>
<td>2003-04</td>
<td>2002-03</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>6.</td>
<td>Remuneration to Capital %</td>
<td>5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Remuneration to capital</td>
<td>289</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Profit attributable to Brand and Associated intangibles (4 - 7) = 8</td>
<td>834</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Income Tax</td>
<td>305</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Profit after tax attributable to Brand and associated intangibles</td>
<td>529</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Brand Multiple Applied</td>
<td>15.15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Brand Value</td>
<td>8,011</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Firstly, the profit before interest and taxes of the company is adjusted for non-brand items.

Secondly, a charge on capital employed is deducted from the adjusted brand profits. Thus the profit after tax attributable to brand and other intangible items is arrived at.

Finally, this is multiplied by the brand multiple to arrive at the brand value as shown in the above table.

Some key assumptions were made here:

1. Total revenue excluding other income after adjusting for cost of earning such income is brand revenue, since this is an exercise to
determine the brand value as a company and not for specific products or services.

2. 5% of the average capital employed is estimated to be used for purpose other than promotion of brand.

3. Tax rate is at 36.5925% (Base rate of 35 %, Surcharge 2.5% on base rate and cess of 2%).

**Brand Multiple Applied Calculations:**

Though the detailed calculation can not be shown on account of breach of privacy of the company and lack of authentic information, the overall view has been given by indicating the factors used for computing Brand Multiple Applied or Brand Strength Factor.

Factors considered while computing or Brand Multiple Applied or Brand Strength Factor is as follows. The higher the score of the factor, the stronger the brand is.

A. Leadership - It signifies that the brand is more stable and has more value than another brand with a lower market share because leadership gives --

a. market influence,
b. the power to set prices,

c. control of distribution channels

d. greater resistance to competitors

B. Stability - It signifies the brand's strength in terms of

a. Degree of consumer loyalty

C. Market - it signifies the brand strength in terms of

a. Growth in market

b. Consistency in sales

c. Level of entry barrier (High entry barrier will give more score)

D. Internationality - it refers to the brand strength in terms of international presence. The higher the number of presence in the international market, the more will be the overall score.

E. Trend - It implies the brand’s tendency to keep up-to-date and relevant for the consumer increases its value.

F. Support - It implies that the brands that have received investment and support must be considered to be more valuable than those that have not. The quantity and quality of this support is also considered.
G. Protection - The robustness and breadth of the brand’s protection ("Legal Monopoly") is critical factor in its valuation.

Weighted average of all factors has been considered to determine brand strength factor.

**Figure 1 Brand Value of Rolta**

The brand valuation process is very useful, since it helps identify and assess brand value drivers. This assessment consists of comparing a brand's value drivers with other brands/companies, with the brand's previous drivers and with the proposed goals. However, Rolta Ltd has focused on brand strength factors to determine overall brand value.

Rolta India Pvt. Ltd has found decreasing trend in the brand valuation majorly on account of decreasing trend in the Profit before interest and tax. For example, in FY 2002-03 and 2003-04 the PBIT was Rs.1,504 million and Rs.1,014 respectively where as its brand value is Rs. 12295 million and Rs. 11097 million in the same years. The situation deteriorates when there was
gross rise in PBIT of Rs.112 million in FY 2004-05 there was decrease of
Rs.3086 million in brand value as compared to previous year 2003-04. It
means that in spite of rise in PBIT at the rate of 20.90 % in FY 2004-05, the
brand value declines at the rate of 45.16%.

**Critical Evaluation of Brand Strength Model**

Quantifying the brand strength factor is highly subjective matter. Valuing
any brand using this method seems highly subjective since parameters
used; weights given and methodology of calculation are highly subjective.
However, analyzing the strength factors for each brand enables comparisons
to be made and may provide guidelines for identifying the brand’s and
company's main value driver, increasing the brand's strength and, therefore,
its value.

**HUMAN RESOURCE VALUATION**

Human resource or human capital valuation refers to identifying and
measuring the value of human resources of a company. Employees are the
most valuable resources of companies in the services sector more so in
knowledge based sectors. Like all other resources, employees possess value
because they provide future services, resulting in future earnings. There are
various approaches/ models that help in valuation of Human resources in a
company like Historical cost method, Replacement cost method, Opportunity
cost method. Rolta bases its calculation on Economic Approach Model.
According to this model, an estimate of the future earnings during the remaining life in the organization of the employee has to be forecasted.

Secondly, we have to arrive at the present value by discounting the estimated earnings at the employee's cost of capital which includes all direct and indirect benefits earned both in India and abroad. This will be called the Total Human Resource Value. A note of caution has to be maintained here. In order to estimate future earnings from total labor force, any organization can not go on a haphazard way. It can divide the human resources into homogenous groups such as skilled, semiskilled, technical, managerial staff etc. And in accordance with different classes and age groups, average earning stream for different classes and age groups are prepared separately for each groups or classes. Then the discounted present value for human capital is computed. The aggregate present value of different groups represents the capitalized future earnings of the firm as a whole which will be called as Total Value of Human Resources.

As a Third step, Total revenues will be divided by Total Human Resource Value. Here, an observer will find the per employee portion of revenue upon its value.

Finally, the Revenues per employee will be divided by per employee portion of revenue of its value. The derived value will be the value of human resource per employee.
Human Resources Valuation

**Table : 2 Human Resource Valuation**

(Rs. in Million)

<table>
<thead>
<tr>
<th>No.</th>
<th>Particulars</th>
<th>2002-03</th>
<th>2002-01</th>
<th>2001-00</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Total value of Human Resources</td>
<td>21228</td>
<td>19278</td>
<td>14201</td>
</tr>
<tr>
<td>2.</td>
<td>Total Revenue of the Company</td>
<td>3836</td>
<td>3015</td>
<td>2532</td>
</tr>
<tr>
<td>3.</td>
<td>Net Profit After tax of the Company</td>
<td>1123</td>
<td>1055</td>
<td>934</td>
</tr>
<tr>
<td>4.</td>
<td>Total Revenues/Total Value of Human Resources (2/1)</td>
<td>0.18</td>
<td>0.16</td>
<td>0.18</td>
</tr>
<tr>
<td>5.</td>
<td>Revenues per employee</td>
<td>2.31</td>
<td>1.71</td>
<td>1.52</td>
</tr>
<tr>
<td>6.</td>
<td>Value of Human Resources per employee(5/4) = Value of HR</td>
<td>12.80</td>
<td>10.96</td>
<td>8.50</td>
</tr>
</tbody>
</table>

Human resource value of Rolta India Pvt. Ltd. over the years has found northwards movement. In FY 2002, the 1JR Value was Rs. 10.96 Million which grew at the rate of 16.78 % in 2003 and reached to the value of Rs. 12.8 Million. The growth in HR value found quantum jump of 23.59 % in the
FY 2004 as compared to FY 2003 where total human resource value was Rs.12.8 million which reached to Rs. 15.82 million in 2004. The compounded growth rate of maximization of Human resources value is around 13 % over the last three years under review.

**Critical Evaluation of Human Resource Valuation Model**

This model basically takes care of time value of money by taking into account future value of earnings. It takes into account the earning potential of the employees thus recognizing them as assets. However, the model is slightly far from practicability since it assumes that employees will stick to the same position, which is being currently, occupied thus ruling out the possibility of change in role because of promotion or demotion. Secondly,
the method of calculation especially future forecast of earning capacities of employees in the remaining life of their employment is highly subjective and needs detailed calculation.

**INFOSYS**

Infosys Technologies Ltd. provides consulting and IT services to clients globally - as partners to conceptualize and realize technology driven business transformation initiatives. With over 58,000 employees worldwide, they use a low-risk Global Delivery Model (GDM) to accelerate schedules with a high degree of time and cost predictability.

As one of the pioneers in strategic offshore outsourcing of software services, Infosys has leveraged the global trend of offshore outsourcing. Even as many software outsourcing companies were blamed for diverting global jobs to cheaper offshore outsourcing destinations like India and China, Infosys was recently applauded by Wired magazine for its unique offshore outsourcing strategy - it singled out Infosys for turning the outsourcing myth around and bringing jobs back to the US.

Infosys provides end-to-end business solutions that leverage technology. They provide solutions for a dynamic environment where business and technology strategies converge. Their approach focuses on new ways of business combining IT innovation and adoption while also leveraging an organization’s current IT assets. They work with large global corporations
and new generation technology companies - to build new products or services and to implement prudent business and technology strategies in today’s dynamic digital environment.

**Infosys’ Vision:**

“To be a globally respected corporation that provides best-of-breed business solutions, leveraging technology, delivered by best-in-class people.”

**Infosys’ Mission Statement:**

“To achieve our objectives in an environment of fairness, honesty, and courtesy towards our clients, employees, vendors and society at large.”

**The values that drive them: C-LIFE**

**Customer Delight:** A commitment to surpassing our customer expectations.

**Leadership by Example:** A commitment to set standards in our business and transactions and be an exemplar for the industry and our own teams.

**Integrity and Transparency:** A commitment to be ethical, sincere and open in our dealings.

**Fairness:** A commitment to be objective and transaction-oriented, thereby earning trust and respect.
Pursuit of Excellence: A commitment to strive relentlessly, to constantly improve ourselves, our teams, our services and products so as to become the best.

Brand valuation of Infosys

The wave of brand acquisitions in the late 1980s exposed the hidden value in highly branded companies and brought brand valuation to the fore. Examples are Nestle buying Rowntree, United Biscuits buying Keebler, etc. Thus it is clear that companies are being acquired less for their tangible assets and more for their intangible assets. The values associated with a product or services are communicated to the consumer through the brand. Consumers no longer want just a product or service; they want a relationship based on trust and familiarity. A brand is much more than a trademark or a logo. It is a 'trust mark'—a promise of quality and authenticity that clients can rely on. Brand equity is the value addition provided to a product or a company by its brand name. It is the financial premium that a buyer is willing to pay for the brand over a generic or less worthy brand. Brand equity is not created overnight. It is the result of relentless pursuit of quality in manufacturing, selling, service, advertising and marketing. It is integral to the quality of client experiences in dealing with the company and its services over a sustained period. Corporate brands and service brands are often perceived to be interchangeable. Both types of brands aim at the enhancement of confidence and the reduction of uncertainty in the quality of
what the company offers. Therefore, companies rely heavily on the image and personality they create for their brands, to communicate these qualities to the market place.

Figure 3 Brand Value of Infosys

Analysis:

Goodwill is a nebulous accounting concept that is defined as the premium paid to the tangible assets of a company. It is an umbrella concept that transcends components such as brand equity and human resources, and is the result of many corporate attributes including core competency, market leadership, copyrights, trademarks, Brands, superior earning power, excellence in management, outstanding workforce, competition, longevity and so on. Infosys has adapted the generic brand earnings multiple model to
value their corporate brand “Infosys”. The methodology followed for valuing the brand is as follows:
Determine brand earnings

- Determine brand profits by eliminating the non-brand profits from the total profits of the company.
- Restate the historical profits at present day values.
- Provide for remuneration of capital to be used for purposes other than promotion of the brand.
- Adjust for taxes.

**Determine the brand strength or brand earnings multiple**

Brand strength multiple is a function of a multitude of factors such as leadership, stability, market, internationality, trend, support and protection. These factors have been evaluated on a scale 1 to 100 internally by the company, based on the information available within the organization.

**HUMAN RESOURCE ACCOUNTING**

Infosys uses the *Lev & Schwartz* model to compute the value of human resources. The evaluation is based on the present value of the future earnings of the employees and on the following assumptions:

- Employee compensation includes all direct and indirect benefits earned both in India and abroad.
- The incremental earnings based on group/age has been considered.
The future earnings have been discounted at 13.63% (previous year - 14.09%), the cost of capital for us. Beta has been assumed at 0.98, the beta for us in India.

**Table: 3 Value added statement**

<table>
<thead>
<tr>
<th>Value added statement</th>
<th>7,253.55</th>
<th>4,976.33</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue including other income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Software dev. Expenses (other than employee costs &amp; provision for post sales client support)</td>
<td>393.68</td>
<td>604.48</td>
</tr>
<tr>
<td>Selling and marketing expenses (other than provisions)</td>
<td>181.99</td>
<td>131.86</td>
</tr>
<tr>
<td>General and administration expenses (other than provisions)</td>
<td>414.23</td>
<td>265.83</td>
</tr>
<tr>
<td></td>
<td>1200.70</td>
<td>791.37</td>
</tr>
<tr>
<td>Total value added</td>
<td>6,052.85</td>
<td>4,184.96</td>
</tr>
</tbody>
</table>

**APPLIED TO MEET**

| Employee costs                                                      | 3,539.11 | 2,450.96 |
| Provision for post sales client support                             | 31.10     | 0.30     |
| Provision for investments                                          | (0.10)    | 9.67     |
| Income tax                                                          | 325.58    | 227.54   |
| Dividend (including div tax)                                        | 356.55    | 972.96   |
| Minority interests                                                  | 0.03      | 0.00     |
| Retained in business                                                | 1,776.85  | 507.40   |
| Total                                                               | 6,052.85  | 4,184.96 |
SATYAM COMPUTER SERVICES LIMITED

Satyam Computer Services Limited is also frontrunner in taking stock of and valuing the intangible assets. However, few progressive businesses worldwide tread such a path now. The conventional approach hardly reflects the true picture as it does not take into account the cumulative value of intangible assets that play such a decisive role in modern business building initiatives.

Intangible assets are those assets that create value beyond tangible assets. Typically, book values determine the value of hard assets of a particular business, while the process of valuation of intangible assets would help determine other value creators such as the potential, and the ability to earn.

Significantly, the computation of the true value of a company requires a comprehensive assessment of both tangible and intangible assets. Intangible assets such as brands, human resources value, etc. are beginning to for, and rightly so, the major percentage of the economic value of successful businesses. Satyam, with its vision high and steady, believes that the real strength of the balance sheet of a company is reflected only if its tangible as well as intangible assets are taken into account. Satyam, being in the knowledge based industry, with the global operations, valuation, of its
human resources and brand is highly important and could be equally insightful to stakeholders.

As on March 31, 2006, Satyam’s intangible assets (FIR Value and Brand Value) constitute 87.72% of the total assets value, as presented below:

**Table - 4 Valuation of Intangibles**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Rs. in Crore</th>
<th>% of Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangibles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Fixed Assets and Investments</td>
<td>582.00</td>
<td>1.64</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>3761.70</td>
<td>10.63</td>
</tr>
<tr>
<td>Deferred Tax Assets</td>
<td>4.29</td>
<td>0.01</td>
</tr>
<tr>
<td><strong>Intangibles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resource</td>
<td>5252.82</td>
<td>66.00</td>
</tr>
<tr>
<td>Brand Value</td>
<td>1728.33</td>
<td>21.72</td>
</tr>
<tr>
<td><strong>Total % of intangibles assets</strong></td>
<td></td>
<td><strong>87.72</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7958.71</strong></td>
<td></td>
</tr>
</tbody>
</table>

Now, the question is to value those intangible assets.
BRAND VALUATION

As on March, 31, 2006, the Brand value of the company was Rs. 7,687.77 Crore as computed below:  
(Rs. in Crores)

Table 5 Brand Valuation

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31/03/04</th>
<th>31/03/05</th>
<th>31/03/06</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Profit Before Tax</td>
<td>661.94</td>
<td>867</td>
<td>1445.89</td>
</tr>
<tr>
<td>2 Add: Financial Charges</td>
<td>0.75</td>
<td>0.76</td>
<td>2.72</td>
</tr>
<tr>
<td>3</td>
<td>662.69</td>
<td>867.76</td>
<td>1448.61</td>
</tr>
<tr>
<td>4 Less: Non Branded Income</td>
<td>84.52</td>
<td>91.64</td>
<td>342.08</td>
</tr>
<tr>
<td>5 Adjusted Profit for Brand Valuation</td>
<td>578.17</td>
<td>776.12</td>
<td>1106.53</td>
</tr>
<tr>
<td>6 inflation compound factor @ 5%(assumed)</td>
<td>1.1025</td>
<td>1.05</td>
<td>1</td>
</tr>
<tr>
<td>7 Present Value of profits before brand</td>
<td>637.43</td>
<td>814.93</td>
<td>1106.53</td>
</tr>
<tr>
<td>8 Weightage factor</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>9 Weighted profit</td>
<td></td>
<td></td>
<td>3319.59</td>
</tr>
<tr>
<td>10 Three year weighted average profit</td>
<td></td>
<td></td>
<td>931.15</td>
</tr>
<tr>
<td>11 Less: Remuneration of Capital (5% of avg. capital employed)</td>
<td></td>
<td></td>
<td>188.77</td>
</tr>
<tr>
<td>12 Brand-related profits</td>
<td></td>
<td></td>
<td>742.38</td>
</tr>
<tr>
<td>13 Less: Income Tax @ 33.66%</td>
<td></td>
<td></td>
<td>249.89</td>
</tr>
<tr>
<td>14 Brand Earnings</td>
<td></td>
<td></td>
<td>492.49</td>
</tr>
<tr>
<td>15 Multiple Applied</td>
<td></td>
<td></td>
<td>15.61</td>
</tr>
<tr>
<td>Brand Value</td>
<td></td>
<td></td>
<td>7,687.77</td>
</tr>
</tbody>
</table>
1. PBIT reduced by non-branded income was taken as profit for brand valuation. Item No. 5 indicates the adjusted profit for brand valuation in the table- The underlying reason for considering profit excluding non branded income is to take into account only profit earned from the sale of the particular brand.

2. Compounded Inflation factor (Item No.6) has been considered in order to arrive at present value of past profit.

3. Weighted factor has been assigned to each years profit considering the time value of money and significance of the past and present profit. (Item No.8).

4. Previous two years profits were considered at present value and weighted factor was applied to arrive at weighted profit.

5. 5% of average capital employed was provided for non brand purposes. This is the standard deduction made by assuming that 5% of the capital employed must have been utilized for the purpose of promotion of non brand causes. (Item No. 11).

6. Income tax at current rate was provided.

7. Brand Multiple was estimated based on certain parameters and internal evaluation discussed earlier.

8. Thus, the brand value of Satyam is arrived at by Rs.7678.77 Crore.
Brand Value of Satyam Computer Services Ltd over the last five years is as follows:

**Figure 4 Brand Valuation of Satyam Computer Services**

Brand value, calculated as per above mentioned method for Satyam Computer, has maintained the northwards movements over the last five years. The compounded growth of the brand value over the five years is 19.16%. The brand value dropped a little in the financial year 2003 from Rs. 3200 Crore to 2705 registering the downfall of 15.46% in the same year. Then after, it started getting upward trends registering the growth of 27.98%, 34.66%, and 64.90% respectively in the FY 2004, FY 2005, and FY 2006. The trend shows that the growth rate of brand value of Satyam Computer is unparalleled.
**HUMAN RESOURCE VALUATION**

There are several models to evaluate the Human Resources (HR) value. Satyam, just like other sample companies have used the Lev & Schwartz model earnings are dependent on age alone.

**Table 6 Summary of the HR value:**

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2006</th>
<th>As at March 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Associates</td>
<td>HR Value Rs. in Crores</td>
</tr>
<tr>
<td>Development</td>
<td>24801</td>
<td>22,203.06</td>
</tr>
<tr>
<td>Support</td>
<td>1710</td>
<td>1161.49</td>
</tr>
<tr>
<td>Total</td>
<td>26511</td>
<td>23364.55</td>
</tr>
</tbody>
</table>

The future earnings have been discounted at 17.01%, being the weighted Average Cost of Capital (WACC) for the past five years. The Associate cost for the year 2005-06 at Rs.2700.67 crores, was 11.56% of the Human Resource Value.
The above figure-5 clearly shows an increase in the Human Resource Value for Satyam for the FY 2001-02 to FY 2005-06. Along with this, the brand value is also increasing since the past years. Thus it can be concluded that the intangible asset value has been on the increase consistently and would be on increase if the current practices in the organization continue.

Nobody can disagree over the fact that intangible assets have become far more important than its tangible counterparts especially in the service industry. Conventional methods of enterprise value such as market capitalization, profit margin, sales growth etc. have become somewhat obsolete since they do not portray the exact financial position of the firm where nearly 80 % of the assets are intangible - specifically speaking,
human assets and brand image. However, evaluating such intangibles is what makes the brand valuation and human assets accounting a complex issue. Although renowned corporate entities have commenced their efforts to valuing their brands and assessing human resources value, such matters remain highly subjective and complex. All in all, it’s hard to build intangible assets competitively, but it’s harder to value them.

Leading companies in India are actively seeking ways of leveraging their "human capital" to develop a strategic advantage. They are moving from a departmental focus on human resources to a far more strategic and expansive focus on human capital management. Roles and responsibilities are in ever-changing as companies explore new ways of building and leveraging talent.
1) Reddy Laboratories of India wins the case of patent in Russia. A United States Multinational company manufacturing Enalapril under a patent obtained in America and was marketing it in Russia. Reddy Laboratories of India was manufacturing Enalpril under the name ‘Enam’ and was marketing it in Russia. The price of Enam, the Indian drug was lesser of the U.S. drug. The U.S. Company brought a suit in Russia against Indian Company for infringement of their patent. The Russian Court upheld the contention that in as much as Indian drug was produced not in accordance with process mentioned in the specification of U.S. patent but under a process quite different from it. It was further held that TRIPS restrictions will not operate against India till 2005 by which date India has to make suitable amendments to the Patent Act for granting product patents only in drugs and process patents get derecognized.

2) In Hero Honda patent case (AIR 1983 Bombay 144), it is held that patent for a mere new use of a known contrivance, without any additional ingenuity in overcoming fresh difficulties is bad and cannot be supported.

3) The defendant alleged the invalidity of the patent on various grounds, including prior user in an action for infringement of a patent for improvement in anti-vibration devices for use with incandescent gas fittings. The prior user was proved by the defendant and the patent granted to the
plaintiff was held invalid on grounds of prior user. *Crossly v. Coates* (21 RPC 282).

4) It was held in the following case that the patent could not be defeated unless it was shown that it was not either a new process or that there was no inventive step in it. *Bombay Agarwal Co. v. R. Diwan Chand*, AIR 1953 Nag. 154.

5) Where the plaintiff alleged the infringement by the defendants regarding the patent process and method of the (his) air coolers without his permission and the defendants contending that there was nothing new and the specification given by the plaintiff was vague and did not qualify for a grant, a learned single Judge of the Delhi High Court, while refusing the interim injunction prayed for by the plaintiff, held that the novelty of the claim or the advantage derived by the invention had to be succinctly stated (by the plaintiff) in the claim and must not be left to an inference raised on a general review of the specification. *Ram Narain v. Ambassador Industries, New Delhi*. AIR 1976 Del. 87 (89).

6) Whether a patent sets out an invention is to be determined by a true and fair construction of the specifications and the claims and in construing the specifications it would be erroneous to rely too much on the title thereof because the title cannot control the actual claim and a leading title similarly is of no consequence and the words of the specifications should be given their ordinary meaning but, where necessary, must be construed in
the sense in which they are used in a particular trade or sphere in which the invention is sought to have been made and it is the pith and marrow of the invention that has to be looked into and one should not get bogged down or involved in the detailed specifications and claims made by the parties who claim to be patentee or alleged violators. *Raj Parkash v. Mangal Ram* (AIR 1978 Del 1).

7) The court observed that in way to ascertain whether a novel and useful improvement in machinery is an invention in the true sense is to consider how matters stood just before improvement was discovered. *Taylor and Scott v. Anand*.

8) Monsanto Herbicide patent was revoked by the Supreme Court as the solvent and emulsifier were not secrets, the process was known, the product was known and the use was known. The plaintiffs were merely camouflaging a substance whose discovery was known throughout the world and trying to enforce it in their specification. The patent is therefore, liable to be revoked (AIR 1986 S.C. 712).

9) Where a dispute arose as to the bifurcation of the patent process and the product obtained therefrom, the Calcutta High Court, while expressing that the two couldn’t be bifurcated, held that a person who has the right to a patented process also has the right to the product produced from such patented process. *Imperial Chemical Industries Ltd. V. Controller General of Patents, Designs & Trade Marks and another*. AIR 1978 Cal. 77.
10) There was no novelty in the invention of improvement in Mounting Ordinance and the generality of the claim must be limited by the particularity of the description in the specification, and the plaintiff’s case failed. The Judgment was given in favour of defendants. Corrigall v. Armstrong Whiteworth and Coy (22 RPC 268).

11) The word ‘manufacture’ would include improvement in manufacture and changes in the method by which an article is manufactured. The word ‘manufacture’ would also extend to a new process to be carried on by known implements. Press Metal Corporation Limited v. NashriSorabji, AIR 1983 Bom 144.

12) The fundamental principle of patent law is that a patent is granted only for an invention and it must be new and useful. It must have novelty and utility. It is essential for the validity of a patent that it must be the inventor’s own discovery as opposed to mere verification of what was already known before the date of the patent. Bishwanath Prasad RadheyShyam v. Hindustan metal Industries, AIR 1982 SC 1444.

13) The plaintiff petitioner who had registered patents in India in 1984 but had not used them in India cannot, in equity, seek temporary injunction against the respondent who is using the patent in India. Franz ZaverHuemer vs. New Yash Engineers 1966 PTC 164 Del.

14) The High Court held that for the grant of temporary injunction principles applicable to the infringement of Patent actions are that there is a
prima facie case, that the patent is valid and infringed, that the balance of
convenience is in favour of injunction being granted and that the plaintiff will
suffer an irreparable loss. It is also a rule of practice, that if a patent is a
new one, a mere challenge at the bar would be quite sufficient for refusal of
the court would, for the purposes of temporary injunction, presume the
patent to be a valid one. If the patent is more than six years old and there
had been actual user, it would be safe for the Court to proceed upon this
presumption AIR 1980 Delhi 132.

15) Where the application for the grant of patent was originally filed by
the plaintiff on 11-4-1989 and the complete specification was filed on 11-10-
1990 and where the Controller of Patents post-dated the patent to 11-7-
1989, the Delhi High Court held that the date from which the patent granted
would be effective would be the date on which the complete specifications
were made i.e. on 11-10-1990. The Controller, by post-dating the patent to
11-7-1989, had, prima facie, violated the provisions of Section 9(4) of the
Patents Act, it was held. M/s. Standipack Private Limited v. M/s. Oswal
Trading Company Limited AIR 2000 Delhi 23(26).

16) Where an opposition raised objection to the applicant’s invention on
the ground of prior publication, it was held that the citation, should
substantially disclose the subject matter of the said applicant’s invention, in
order to be valid and proper. Since the opponents failed to do so, their

17) Where a prior publication by the opponent was claimed to be in a foreign language or in any language other than English, it was held that he should either produce the translation of it or else his claim would be rejected. *Scooters India Ltd. v. M/s. Jaya Hind Industries Ltd.* 1987 PTC 204.

18) Where there were two types of autoclaves namely, iron and enameled ones, and the specification given by the plaintiff did not contain this distinction and where plaintiff himself did not know this, the patent was held had on the grounds of insufficiency. (1898) 15 RPC 359 (CA).

19) Where the infringement of their patent regarding the manufacturing of soaps, was alleged by the petitioners and where the patent was not yet exploited by them and the respondents pleading that their manufacturing of soaps was not new and hence could not be the subject-matter of the patent, it was held that due to the non-use of the patent by the petitioners, the damage likely to have suffered by them could not be quantified and hence injunction was refused against the respondents. *Hindustan Level Limited v. Godrej Soaps Ltd.* 1977 PTC 756.

20) Where the appellant obtained a patent for the process of manufacturing an antibiotic with minimal side effects, without any opposition or any application for revocation by the respondent, who was also manufacturing the antibiotics using the same process and when appellant
prayed for an injunction against the respondent for the infringement of the Patent, a learned single Judge of the Gujarat High Court negating the appellant’s claim held that the process said to have been invented by the appellant was not new and in fact was already in vogue for decades. If, *prima facie*, the process evolved the appellant was not found to be patentable, the respondents could not be restrained from using the said process for its products and for marketing them, the learned Judge held. *Cadila Pharmaceuticals Ltd. V. Instacare Laboratories Pvt. Ltd.* 2001 PTC 472 (Guj.).

21) The High Court of Delhi has held that undoubtedly a monopoly of the patent is the reward of the inventor and the patent creates a statutory monopoly protecting the patentee against any unlicensed user of the patented device and hence, the patentee is entitled to injunction.

In the present case, the plaintiff asked for injunction from manufacturing, supplying and selling the products of respondent, for which respondent has registered patents and design. Single Judge allowed the respondents’ application for interim injunction. Aggrieved with it, the appellant appealed to Bench. Infringement of patent has been established band the *prima facie* case is in favour of respondent and balance of convenience lies in his favour. Hence, the Bench of High Court of Delhi dismissed the appeal as there is no infirmity in the order of Single Judge.
22) The Reckitt & Colman of India Ltd., applied for the grant of patent for their invention “A Mosquito/Insect Repellent Device”. The Godrej Hi Care Ltd., have challenged the application on the grounds of anticipation by prior publication, anticipation by prior claiming, prior public knowledge and lack of inventive step on it is on the design of “Good Night Cordless Machines” which they have launched. All the stated achievements of the alleged application have been found and claimed in the US documents. In the above background this Tribunal finds that the alleged application has bits integers i.e. a bottom cover, a positive temperature coefficient (PTC) thermistor heater assembly, a top cover having opening for insertion of mats for placement on said heated assembly etc., anti by combining one feature of an earlier specification, another earlier specification and so on to secure no advantage that the alleged application titled “A Mosquito/Insect Repellent Device” obviously and clearly does not involve any inventive step.

As the opposition has been successful on the ground of Section 25(1)(e), the ground (a) of Section 25(1) i.e. wrongfully obtaining, need not be discussed. The opponents have not adduced any evidence or have given any submission or arguments regarding grounds (f), (g) and (h), i.e. in respect of patentability, insufficiency and failure to disclose information regarding foreign application. Due to above facts and circumstances it is construed
that opponents have dropped the aforesaid grounds under opposition proceedings.

In view of the finding on the fact of the case and upon consideration of notice of opposition the statement, evidence of both parties and written submissions and arguments by the representatives of respective parties at the hearing and in all the circumstances of the case, the grant of a patent is hereby refused and the applicants shall pay the opponents the costs. [Reckitt & Colman of India Ltd. V. Godrej Hi Care Ltd., 2001 PTC 637 (PO)].

23) In an appeal, the High Court of Gujarat at Ahmedabad has held that “the process of making combination drugs of a chemical material and a micro organism is a well accepted process and isolation of one of the ingredients by giving it a coating is also a well accepted process. Hence, the process which the appellant claims to have developed after years of research and development is really in use for decades. The appellant cannot be said to have evolved a new process hitherto unknown to the pharmaceutical world. May be that the said process has been first time adopted for making a combination drug of penicillin and lactobacilli. But what is patented is the process and not the combination drug itself. If the process evolved by the appellant is not found to be patentable, the defendants cannot be restrained from using the said process for its products and for marketing them. In the present case, the defendants have already entered the market with their products ‘Hipen LB’ & ‘Iipenox LB’ sometime in the month of December to
market its products which have already entered the market for quite a few months. Therefore, the learned trial Judge was justified in vacating the *ex parte ad interim* injunction and in rejecting the application for interim injunction”. [*Cadila Pharmaceuticals ltd. V. Instacare Laboratories Pvt. Ltd.* 2001 PTC 472 (Guj.)].

24) The High Court of Kerala has held that where the patent claimed by the plaintiff is challenged by the defendant by raising a counter-claim for revocation all proceedings including proceedings as any interlocutory applications are to be transferred to the High Court, and the District Court would lose jurisdiction to proceed further by virtue of proviso to Section 104 of the Patents Act, 1970. [*Low Heat Driers (P) Ltd. V. Biju George*, 2000 PTC 775 (Ker.)].

25) *Nitin Dave &Ours. V. Union of India and Others*, [2004 (29) PTC 71 (Del.) (DB)]

The petitioner has approached the High Court of Delhi for issuance of appropriate writ or order of direction for declaring the provision contained in Chapter IV A and, particularly, Sections 24A OF THE Patents Act, 1970 as unconstitutional and to quash and set aside the order made by Controller of Patents, Trade Marks and Designs, Kolkata the Respondent No. 2. The petitioner has also prayed for issuance of an appropriate writ restraining the respondents from acting upon the Exclusive Marketing Rights granted by the
Controller of Patents, Trade Marks and Designs, Kolkata. There is no part of cause of action arose within territorial limits of High Court of Delhi. It has been held that the High Court of Kolkata has no jurisdiction unless cause of action or any part of cause of action had arisen within the territorial jurisdiction of Delhi High Court. Hence the writ petition was dismissed.

26) Novartis & Anr. V. AdarshPharma&Anr., [2004 (29) PTC 108 (Mad.)]

In this case, the issue of Exclusive Marketing Rights (Sections 3, 4, 5, 12 & 24A) has been examined in detail. If an application for Exclusive Marketing Rights (EMR) is made, the Controller shall refer it for patent to an examiner for his report. When the reference of the patent claim to an examiner for making his report is confined to the requirements of Sections 3 and 4 of the Act alone, there is no scope, for examining the said patent claim on the basis of any of the other provisions of the Act, which may stand attracted when the patent claim is taken up for consideration on merits.

The grant of ‘EMR’ is by way of an interim measure. EMR is granted to an applicant, who has filed the patent claim. Though Section 24A specifically excludes the operation of Section 12(1) of the Act alone, inasmuch as Section 12(1) of the Act provides for an examination under Section 13, it is only logical to hold that consequent to the exclusion of Section 12(1) from the purview of Chapter IV-A, the requirements of Section 13 also stand excluded for the purpose of Chapter IV-A. If that is so, application by
previous publication or by prior claim has no relevancy while examining the patent claim in the context of deciding to grant or not to grant an EMR. The patent claim is under scrutiny under Chapter IV-A for a limited purpose.

Since Section 24-A of the Act not only excludes Section 12 but also Section 13 there is no point in saying that the defence enumerated in Section 64(1)(e) can still be pressed into service at this stage to invalidate the ‘EMR’. Therefore, search for anticipation by previous publication and by prior claim (Sections 13 and 29 to 34) is not attractive. The requirements of Section 24-A stand fully complied with and there is no infringement of that section.

If the applicant has received the approval to sell or distribute the article or substance from the authority specified in this behalf by the Central Government and if he satisfied the requirements of Section 24-B(1)(a) of the Act, then EMR should follow.

Under Rule 40 of the Patents Rules, 2003, once an application for an exclusive right to sell is made to the Controller (Patents Controller), then the Controller shall notify the filing of the application in the Official Gazette and to the authority of the Central Government that is responsible for the grant of approval to sell. Thus, the authority to issue a marketing approval is not an authority under the Patents Act. Under the provisions of the Patents Act, once a marketing approval is received by the applicant, then the Patents
Controller puts the seal of approval on it. Only to that limited extent, the marketing approval is put up on the table of the Patents Controller.

In this case, the infringing product of the defendants has come to be marketed on the plaintiffs introduced their product in the market. The plaintiffs have an ‘EMR’ valid for a period of five years or till the disposal of the patent claim one way or the other, whichever is earlier and the Statute protects such rights. On prima facie materials, that the plaintiffs have established by validity of the ‘EMR’. When the Statute protects such rights, the balance of convenience loses its significance, especially when the parties in opposition do not have a legal ground in their favour at this stage. As far as public interest is concerned the Patents Act itself had taken into account.

Under Section 24-D of the Act, the Central Government, on being satisfied that it is necessary or expedient in public interest to allow the sale of the drug by a person other than a person in whose favour the ‘EMR’ is granted, it can do so. Under Section 24-D(2) of the Act, the Government has a right, having regard to the public interest involved, to fix the price, determined by an authority specified by it in this behalf, at which the ‘EMR’ holder should sell the said product.

The Court has held that inasmuch as the Court has to go only by prima facie materials at this stage, taking into account the statement made at the Bar that the drug marketed by the defendants contains “Beta Crystals”
though in a lower percentage, it is clear that there is an infringement, especially when the invention claimed by the plaintiffs is “Beta Crystalline form of ImatinibMesylate”. “Beta Crystal” form is the invention claimed by the first plaintiff and it is related to the drug marketed by them in the name of “ImatinibMesylate”. Consequently, the granting injunction as prayed for in all the original applications and as a result thereof, all the original applications would stand allowed as prayed for and all the applications filed to vacate the injunction would stand dismissed.

27) *Novartis AG and Anr. V. MeharPharma and Anr.*, [2005 (30) PTC (Bom.)]

Defendants are dealing in anti-cancer drug composed of “B-Crystalline form of ImatinibMesylate Salt” under brand name “VEENAT”.

The plaintiffs have moved the present notice of motion in the suit seeking relief seeking a restraint order against the defendants from manufacturing for sale, sell, marketing and exporting their anti-cancer drug composed of the ‘B-Crystalline form of ImatinibMesylate salt” under the brand name “Veenat”. Plaintiffs claim that they hold the EMR in respect of said drug granted under Chapter IV-A of Patents Act and marketing under their brand drug ‘GLIVEC”.

Defendants are the largest suppliers of anti-cancer drug in market and also manufacturing said drug in India while plaintiffs import the same from
Switzerland. Whereas the drug of plaintiffs costs Rs.,1,000/- that of the defendants costs only about Rs.90/-. Grant of EMR is only a step in the direction of grant of patent and presumption in relation to validity of patent granted by authorities on a higher level than EMR.

If defendants are restrained from manufacturing and marketing their drug it would cause great prejudice to public health and public interest creating great public health crisis with disasters consequences, their drugs being used by more than 30,000 patients on facts. It has been held that the plaintiff is not entitled to grant to temporary injunction sought by them. And the plaintiff’s interest would be safeguarded if the defendants directed to maintain an account of their trade and giving an undertaking to pay damages if the plaintiffs win the suit.

**Case Study of Basmati:-** Basmati rice, the special variety of rice with fragrance is grown in the foot hills of the Himalayan Mountains. The issue became contentious when it was found that a US Company has identified the molecules which give fragrance to the rice. Thus basmati rice was grown in the US in green houses. The particular seed developed by biotechnology was patented in the US. The Indian Government took up the matter with the US Patent office and managed to stop the patenting of a geographical indication. The US Government too supported India on the basmati rice issue. But India could not get help from WTO on the issue of violation of geographical name. The reason for this was that India does have its own legislation of
registration of geographical indications, hence WTO is of no help. Hence Geographical Indications of Goods (Registration and Protection) Act, 1999 (Act 48 of 1999) was enacted in India.

CASE LAW OF DESIGNS IN INDIA

The Designs Act, 2000 is the recent law and it replaces the Designs Act, 1911. Let us study some case law of designs in India.

1. Where the plaintiffs could successfully prove the infringement of the industrial design (cranes) by the defendants owing to the defendants’ confidential relationship with the plaintiffs in the past and the rapidity with which the defendants had produced the crane in question, a learned single Judge of the Delhi High Court held that all the three ingredients for granting the interim injunction namely, **prima facie** case, balance of convenience and irreparable injury were made out in the case by the plaintiffs and hence granted the interim injunction in favour of the plaintiffs. *Escorts Construction Equipment Ltd. and Other v. Action Construction Equipment Pvt. Ltd. and another.* AIR 1999 Del. 73 (82,83).

2. The Court held that if the goods imported from abroad are used by the importer without its disclosure to anyone else and goods of such designs are not freely available in India, then there is no publication of the design so imported. If, however, the goods which are imported are
used in full view of the general public, the design of such goods are regarded as published in India and would not be regarded as new or original designs. The Court, in this case, cancelled the registration of the design in favour of the respondent as it has been pre-published. *Joginder Singh v. Tebu Enterprises (P) Ltd.* AIR 1989 Del. 81 1989 PTC 175.

3. It was held in the following case that if the proprietor of a design discloses it to any other person in good faith, it is not deemed to be a publication. Subsequently, if the registration is obtained of the said design, the earlier disclosure would not invalidate the copyright thereof. *Kemp and Company and others v. Prima Plastics Ltd.* 2000 PTC 96 Bom.

4. It was held by the Delhi High Court that both in India and in England it was a settled law that an interlocutory injunction would not normally be granted where, should the claim succeeds, the damages will provide an adequate remedy. The granting or withholding of interlocutory relief would depend upon the ability of either party adequately to be compensated in monetary terms and ultimately on the balance of convenience. It was further held that the defendant’s ability to pay damages was a factor which tilted the scales against the plaintiffs. *M/s. Niky Tasha India Pvt. Ltd. v. M/s. F.G. Gadgets Pvt. Ltd.* AIR 1985 Del. 136 (140).
5. It was held in the following case that the burden of proof was on the defendant in a case for infringement of a design that there was no infringement on his part. The plaintiff, however, had the initial burden to prove the registration, copyright etc. in a design. It was also plaintiff’s burden to prove the fraudulent or obvious limitation thereof. *Calico Printers Association Ltd. v. D.M. Mukherjee*, AIR 1936 Cal. 493.

6. Where the sameness or identity of two designs was to be determined it was held that similarity of device in external appearance might be a relevant factor in considering the substantial difference between the two but was certainly not a determining factor. One practical test, however, was to find out whether there were substantial differences between the designs registered earlier and subsequently. The conclusion was to be arrived at by visual examination of the two things. *Western Engineering Co. v. Paul Engineering Co.*, AIR 1968 Cal. 109 (111).

7. Where the defendant, against whom an injunction was passed for infringement of design, proved that the plaintiff himself was the pirator of some other company’s design, the injunction against the defendant was vacated. *Baldev Singh v. Shriram Footwear*, 1997 PTD (17) 268 Delhi.

8. The Madras High Court held in the following case that the protected design must be new and original and mere registration of the design

9. ………………..Where the respondent used an identical design that was used by the appellants and was manufacturing the same product as that of the appellants’ the respondent was injunction from using the appellants’ registered design. *Ampro Food Products v. Ashok Biscuit Works & another*. AIR 1973 AP 17.

10. It was held that in an action for damages for infringement or in an application for cancellation or revocation of a registration of a design if it was proved that the design was neither new nor original then it should be cancelled or revoked. *B.K. Plastic Industries v. Jayantilal Kalidas Sayani*, AIR 1972 Cal. 339 (341).

11. Where the petitioner proved that the respondent’s design was published in India prior to its registration, the respondent’s registration of the design was cancelled. *Jg. Vacuum Flask Ltd. v. Eagle Flask (P) Ltd.* 1996 PTR 214.

12. Where the plaintiff alleged infringement of his design by the defendant, it was held by the Madras High Court that if both the designs (plaintiff’s and defendant’s) were looked at with the eyes of the children, the main features in both the biscuits were not substantially same. Hence, there was no infringement by the respondent, it was held. *Britannia Industries Ltd. v. Sara Lee Bakery*. AIR 2000 Mad. 497(505).
13. The design of the picture photoframes of the Plaintiff (Preeti Gupta & Ors.) has been duly registered and the certificates of these photoframes are available on page Nos. 1 to 49 of the documents. It is alleged that the offending photoframes on page No. 60 were on exhibition by the defendants, and one of the defendants was an employee of the Plaintiff at the Indian Handicrafts and Gifts Exhibition which was current from 13th to 17th October, 2000. Ex parte injunction was granted by the High Court of Delhi as balance of convenience is in the favour of the plaintiff and irreparable loss and injury is likely to cause to the plaintiff if ex parte injunction is not granted [Preeti Gupta v. Rajendra Prahladkar, 2002 (24) PTC 64 (Del.)].

14. A petition is directed against the order of the Metropolitan Magistrate whereby the learned Magistrate has directed the Deputy Commissioner of Police, Delhi to search and seize the incriminating goods, infringing material, packing, tools, dyes, documents, account books, blocks, plates, machinery etc., being used for making the infringing goods or the deceptively similar goods in finished and unfinished form in respect of the goods/products manufactured by the complainant.

It is argued by the learned counsel for the petitioner that in the first-place the Magistrate has no power to issue such a warrant in a complaint made under Designs Act, 2000 since the Act gives remedy which is a civil remedy under Section 22 thereof.
The High Court of Delhi has held that there is no item manufactured by the petitioner which is not freely available in the market and which could not have been procured by the complainant. Since the petitioner herein is selling his wares openly and the complainant could have collected the necessary evidence without obtaining a search warrant, therefore, while leaving the question of jurisdiction open to be decided by the Court upon notice to the petitioner herein, search warrant is quashed. The Court has ordered that all the machinery sealed be desealed forthwith and the article seized by returned to the petitioner. It has also held that warrant to search and seize is not sustainable as it is having the effect of destroying rival business. [Venus Industries and Another v. State and Ors. 2002 (24) PTC 422 (Del.)].

15. Plaintiffs filed a suit for perpetual injunction, *inter alia*, praying for injunction against infringement of design, passing off and rendition of accounts. When serious disputed questions on various grounds such as prior publication, lack of originality, trade variation is used in a particular case, injunction will not follow as a matter of routine. From the perusal of documents on record in order to determine, *prima facie*, whether the design is new or original, no substantial difference is visible from the design which was published by other companies and the design of locks of the plaintiffs. The High Court of Delhi has held that there is no deceptive similarity and the *ex parte*
interim injunction granted to be vacated as plaintiffs design lacking novelty of originality and registration of recent date and prior publication of similar design by other manufacturers of similar goods viz. locks, which are functional in nature and common use items and the locks of both parties bearing distinct names.

Further, the Court has held that under Section 22(3) of Designs Act, 2000, every ground, on which registration of a design may be cancelled, is available as a ground of defence. The ground on which cancellation can be sought of registration are enumerated in Section 19 of the Act. It may be noticed that the design is a conception, suggestion or idea of a shape and not an article. If it has already been anticipated, it is not new or original. If it has been pre-published, it cannot claim protection as publication before registration defeats the proprietor’s rights to protection under the Act. Hence, registration of design is not defence if the impugned design has been published by others prior to date of registration. [*Rotela Auto Components (P) Ltd. and Another v. Jaspal Singh &Ors.*, 2002 (24) PTC 449 (Del.)].

16. Britannia Industrial Limited is a company engaged in the business of manufacturing and marketing biscuits by name ‘Milk Bikis Milk Cream’ registering a novel design. The respondent introduced the offending product as ‘Milk wala’ which is similar to the product. The High Court of Madras has held that, on facts, both the designs in the eye of the
customer, namely, children, it is clear that the main features in both the biscuits are not substantially same and there is no infringement by the respondent/defendant in respect of the Design Act. [Britannia Industries Ltd. v. Sara Lee Bakery, AIR 2000 Mad. 497 2001 PTC 23 (Mad.)].

17. The plaintiff, Texia Metals & Plastics Pvt. Ltd., has obtained a registration of a design of a bollard, a road safety marker with the words ‘DARK EYE’ below the rhombus. The Defendant is also manufacturing bollards with the words ‘DARK EYE’ and the circular disk with an arrow missing. The High Court of Delhi has held that if the contention that the defendant has received brochures from Malaysia, Korea and Japan with regard to these goods, the mere receipt of such brochures would not amount to publication of such designs within India.

The basic nature and design of a bollard and a delineator would essentially be the same all over the world like traffic lights for example. But what has to be remembered is that bollards and delineators which are designed by the plaintiff and which are being manufactured by it were not available in India prior to the date of registration of the plaintiff’s design. Therefore while it can be said that the designs were not completely new or original elsewhere, it cannot be said that it is not a new or an original design so far as India is concerned. The concept of a
new or an original type of design is relatable to the publication of such a design or its availability to the public in India. This decision also, therefore, does not advance the case of the defendant any further. The Court has decided that the plaintiff has made out a case for the grant of an injunction under these circumstances. [Texla Metals & Plastics Pvt. Ltd. v. Anil K. Bhasin & Others, 2001 PTC 146 (Del.).]

18. The plaintiff, S.S. Products had developed a new design air pumps having distinctive features and registered under the provisions of Designs Act, 1911. As per the defendant, the plaintiff has not disclosed the design of the answering defendant is also registered by the Controller General of Patents & Designs which has also issued the certificate of the registration of design. When such is the situation in that event the proper remedy in any case would be to that the parties should avail their remedies under Section 53 of the Designs Act, 1911. The High Court of Delhi has held that when both the parties are holding registration of the design then each of them can use the design for its products, and it is different matter that either party may seek cancellation of the design of the other in accordance with law but so long as designs occur and are being held, it would be improper to grant an ad interim injunction in favour of another. [S.S. Products of India v. Star Plast, 2001 Ptc 835 (Del.).]
19. The petitioner and the respondents are manufacturing shampoos and other cosmetics. The petitioner sells its products under its mark ‘Ayur’ in bottles of its registered design. The respondent No. 1 sells its products under its own mark ‘Coronation’ in its own bottles identical to that of the petitioner. The petitioner duly instituted proceedings for infringement of its registered design against the defendants before the Delhi High Court which is pending. Subsequently the petitioner came to learn that the defendant had obtained registration of the said design. The petitioner had filed application before the Delhi High Court which is also pending. The petitioner failed to obtain any injunction against the respondent for infringement of the said registered design as also for passing off. The Court, after taking into consideration all these issues and questions of facts decided not to pass any interim order and directed the respondent to maintain the accounts in respect of its sales until the suit is decided. [*Three-N-Products Private Ltd. v. Manchandra Enterprises & Another, 2002 (25) PTC 607 (Cal.)*].


In this case, the plaintiff raised the allegation of fraudulent and obvious imitation of registered design under Sections 22, 48 of the Designs Act, 2000. The Court has held that the packing of plaintiff’s toothbrush and that of the defendant is absolutely different. Making handle (tail part)
thick or thin or sharp tapering or slow tapering of end of grip part can by no stretch of reasoning be considered ‘new’ or ‘novel’ design. Such are a mere trade variant. Therefore, contention of the plaintiff that the novelty and originality of a toothbrush is only on the thick portion of the handle which comes in the hand’s grip has no substance. There cannot be any novelty or originality in the thickness. The originality and novelty in the component of the brush should be such that it brings perceptive change in the pattern, shape and configuration of the entire toothbrush which appeal to the eye because it is all the parts of the toothbrush which together make it different from other similar stuff available in the market. Therefore, the Court has held that there is no merit in the contention of that there is originality or novelty in the design of the grip portion. There cannot be any novelty in just thickening the grip portion or making it thinner. The defendant already stopped using thick handles as that of plaintiff. And, the design of plaintiff as published in the British Trade Mark Journal, not conforming with that of defendant. The Court has held that there is no prima facie case in favour of grant of interlocutory injunction order. Thus injunction was refused in this case.

In this case the plaintiff pleads for injunction for piracy of registered design and for identical to or deceptively similar or fraudulent imitation to pass off goods under Section 22 of the Designs Act, 2000. The plaintiffs are manufacturing and marketing pliers with sleeves and adjustable wrenches with unique design and configuration registered in their favour. The novel and uniqueness in the shape and configuration of the design is specifically mentioned in the registration certificate. The plaintiff registered as proprietors of copyright there as well. Defendants acknowledge the fact that the plaintiffs are in the market for considerable length of time and have built up a reputation and goodwill of their own. That there is no novelty in the designs but they are part of common trade is a fact which should be substantiated the defendants when the defendants were called upon to cease and desist from manufacturing and selling their Articles, goods had disappeared from the market and later resurfacing. Plaintiffs having strong *prima facie* case and also balance of convenience in their favour injunction was granted as irreparable harm and injury would be caused to the plaintiffs and public at large.

22. *RajinderPupneja&Anr. V. Bishan Das & Sons and Ors.*, [2004 (29) PTC 38 (Del.)].

The plaintiff pleads for permanent injunction to restrain the defendants from infringing the registered design. Served defendants for written
statements and they have been given various opportunities granted to them but no written statement has been filed. Perusal of photographs of plaintiff’s registered design in respect of footwear and the impugned design of defendants shows that defendants have infringed upon the design of the plaintiff. Permanent injunction has been decreed in terms of Rule 10 restraining defendants from infringing the design of plaintiff.

23. *IAG Co. Ltd. v. Triveni Glass Ltd.*, [2004 (29) PTC 665 (Cal)].

The plaintiff and the defendant both manufacture and sell various kinds of glass. Plaintiff alleged infringement of its copyright in the registered design ‘KARATACHI’ in respect of figured glass. The defendant specifically challenged the claim of plaintiff that it is the proprietor said design. No material was produced by plaintiff to show that it was the proprietor of the design at the time of making application for registration nor is it shown that it was the author of said design. *Prima facie,* facts show that plaintiff simply acquired the embossing roller containing the design from international free and open market where the design surface decades ago and plaintiff *prima facie* failed to establish that it is entitled to copyright in it. Suit for infringement be instituted only on actual infringement or copyright in the design and not apprehended infringement. The Court has held that the allegation of passing off made only in a speculative manner and no interim relief can be granted.
CASE LAW OF TRADE MARKS IN INDIA

The Trade Marks Act, 1990 is a new law and replaces the Trade and Merchandise Marks Act, 1958. Hence the following case law is related to the Trade and Merchandise Marks Act, 1958.

1) Where both the appellant and the respondent were manufacturing camphor tables and the appellant filed an appeal to restrain the respondent from manufacturing his product, the madras High Court concluded that the respondent was guilty of infringement of the plaintiff’s trade mark inasmuch as the carton the respondent used was similar to that of the plaintiff’s. Even the words inscribed, get-up and collocation of words used by respondent were not accidental and the plaintiff was held to be entitled to the relief. R. Gopala Krishna v. M/s. Venkateshwara Camphor Works, AIR 2001 Mad. 92.

2) It was held in a case that both “Hiralal” and “Himatlal” were both common Indian names and the phonetic similarity, would, undoubtedly confuse an ordinary purchaser of average intelligence and imperfect recollection and who may even be illiterate.

Considering the above question, the Division Bench of the Bombay High Court further emphasized on the tests and principles in deciding the infringement of a mark. They were:- (a) what is the main idea or salient features; (b) marks are remembered by general impressions or by some significant detail rather than by a photographic recollection of the whole; (c)
overall similarity is the touchstone; (d) marks must be looked at from the view and first impression of a person of average intelligence and imperfect recollection; (e) overall structure, phonetic similarity and similarity of idea are both visual and phonetic tests must be applied; (f) the purchaser must not be put in a state of wonderment; (g) marks must be compared as a whole, microscopic examination being impermissible; (h) the broad and salient features must be considered for which the marks must not be placed side by side to find out the differences in design.

The respondent’s label was deceptively similar to the appellants’ labels and was likely to deceive or cause confusion.” M/s. Hiralal Prabhu Das v. Ganesh Trading Co., AIR 1984 Born. 218 (220, 221).

3) The two trade marks viz., PIKNIK and PICNIC, in spite of their phonetical similarity, differ in their essential features. Hence, it was held by the Apex Court that the defendants who were using the trade mark PICNIC would not be restrained from using the same. S.M. Dyechem Ltd. v. Cadbury (India Ltd.). 2000 (5) SCC 573 = AIR 2000 SC 2114; 2000 PTC 397 SC.

3(a) In a deviation from the ruling in the above case, a 3-Judge Division Bench of the Supreme Court, while referring the rulings in earlier cases viz. Amritdhara Pharmacy v. SatyaDeoAIR 1963 SC 449 and DurgaDutt Sharma v. N.P. Laboratories AIR 1965 SC 980 held that they were unable to agree that the principle of phonetic similarity had to be jettisoned and the conclusion in the above case was held to be not good law and contrary to
the binding precedent of the Supreme Court in the cases referred above. *Cadila Health Care Ltd. V. Cadila Pharmaceutical Ltd.* 2001(2) x LII(2) G.L.R. (SC) 1419 (1433).

4) The plaintiff was carrying on the business of Kitchenware under the trade mark ‘Borosil’. Later the defendants also started the business of Kitchenware under the name ‘BOROSIL’. It was held that it was a calculated attempt on the part of the defendants to pass-off their goods. The defendants were held to be dishonest and were restrained by way of an injunction from using the said trade mark. *Borosil Blass Works Ltd. V. O.P. Batra*, 1966 61 DLT 414.

5) Where the trade mark of the plaintiffs was similar to the family name used as a trade mark by the defendants it was held by the Division Bench of the Bombay High Court that the word “Bajaj” had quite a great reputation in the country and abroad and *prima facie*, it was clear that the defendants had intentionally and dishonestly tried to pass-off their goods by use of name “Bajaj”. Accordingly, an injunction was granted and defendants were restrained from in any manner using the products mentioned in the brochure as marked “Bajaj”. *Bajaj Electrical Limited.Bombasy v. Metals and Allied Products, Bombay*, AIR 1988 Bom.167 (169, 170).

6) Where the name “Bata” was used by the defendants, the plaintiff company “Bata India Ltd.” filed a suit for a temporary injunction against the defendant, it was held that, “the name “Bata” is neither a fancy name nor
paternal name nor in any way connected with the defendants. It is not the name of a flower or fauna. It is a fancy name of a foreigner who has established his business in making shoes. The name is well known in the market and the user of such a name is likely to cause not only deception in the mind of an ordinary customer but may also cause injury to the plaintiff-company. There is a *prima facie* case for issue of a restrictive order.” *Bata India Ltd. V. Pyrelal and Co.*, AIR 1985 All. 242.

7) The defendant was injuncted from using the word ‘Benz’ well-known for manufacturing of cars in connection with the underwear manufactured under that name. *Daimler Benz Aktiegesellschaft & another v. Hybo Hindustan*, AIR 1994 Del. 239.

8) It was held by the Supreme Court in the following case that even if the trade mark was registered, the prior user of the same or similar trade mark could maintain a passing-off action against the registered owner of it. *N.R. Dongre v. Whirlpool Corporation*, 1996 PTC (16) 583.

9) In a case where the same range of cosmetic products were manufactured under the trade marks ‘Lakme’ and ‘Like-me’ which belonged to the plaintiff and the respondent respectively, the Delhi High Court held that the two trade marks were phonetically similar and the prospective buyers of the plaintiff’s products would be deceived and confused by this similarity of the names. Hence an injunction was granted in favour of the plaintiffs. *Delhi Lakme Ltd. V. Subhas Trading*.1996 PTC (16) 567.
10) The plaintiffs and the defendants were using the words ‘Gopi’ and ‘Belco’ respectively before the word ‘Heat pillar’. The plaintiff prayed for an injunction against the defendants from using the word. It was held by the Punjab and Haryana High Court that a generic word like “Heat Pillar” could not be the exclusive right of any manufacturer. And the words ‘Gopi’ and “Belco” were phonetically so dissimilar the plaintiff was refused the injunction as there was no infringement made out. *M/s. Bharat Enterprises (India) v. M/s. C. LalCoipi Industrial Enterprises & Others, AIR 1999 P & H 231.*

11) Where the plaintiff company (CASTROL Ltd.) prayed for an injunction against the respondent company which was using ‘BESTROL’ as its trade mark, it was held that the trade mark used by the respondents was deceptively similar to that of the plaintiff’s company and an *ex parte* injunction was granted to the plaintiff. *Castrol Ltd. v. A.K. Mehta, 1997 PTR 76.*

12) It was held by the Delhi High Court that the Registrar had the discretion to permit the registration of more than one identical or nearly resembling trade marks. The act of the Registrar was neither perverse nor arbitrary even if he registers the trade mark which was already registered or the trade mark was in respect of the same goods or description of goods. The Registrar could impose conditions and limitations accordingly, it was
13) Where the domain name of the Respondent namely, “NEWSONY.COM” was virtually identical and confusingly similar to the complainant’s domain name namely SONY.COM, it was held by the WIPO Arbitration and Mediation Center that in the absence of any licence or authorization of the Complainant in favour of the Respondent, it was clear that the Respondent had no legitimate interest in the disputed domain name as it was used to show sexually explicit and pornographic material. It constituted, *prima facie*, tarnishment of the complainant’s good-will and hence it was held that the Respondent’s domain name should be transferred to the complainant. *Sony Corporation v. Part Kwangsoo*, 2001 PTC 492 (WIPO).

14) In a case involving transborder reputation, where plaintiffs trade marks ‘MILKY WAY’ and ‘GALAXY’ were registered in more than 100 countries all over the world including India, and where the defendants used the said trade marks for their shop, a learned single Judge of the Madras High Court held that defendants had *prima facie* infringed the said mark as well as passing off of the goods as that of the applicant and hence held that the *prima facie* case and the balance of convenience were in favour of the plaintiffs and made absolute the interim injunction already granted against

15) In a case where plaintiff took a notice of motion against the defendants, the Bombay High Court, while negating the claim of the plaintiff, held that merely because the plaintiff’s were using the descriptive mark (Disk and Tuibe) it would not make the name distinctive which would restrain other manufacturers from using the technology and the name associated with the technology. The plaintiffs, it was held, had failed to make out a strong *prima facie* case, balance of convenience and irreparable injury. Notice of motion was dismissed and injunction granted earlier was vacated. *M/s. Rochem Separation Systems(I) Pvt. Ltd. v. Tas Engineering Co. Pvt. Ltd.* AIR 2001 Bom. 210 (217).

16) Where the plaintiff/appellant filed a suit in an appeal against the order of the learned trial court for refusing grant of an injunction against the defendant/respondent, for alleged infringement of their trade mark, a learned single Judge of the Madhya Pradesh High Court, while faulting the approach of the trial Court held that there was deceptive similarity between the labels used by the two parties and the plaintiff’s label and trade mark was registered and a similar article was sold on a deceptively similar trade name by the defendant No.1. There was infringement of rights of trade mark vested in the plaintiff and the respondent appeared to have committed

17) The petitioner was an established manufacturers of shawls, blankets from 1920 under the trade name ‘DHARIWAL’ with the device of lamb written in characteristic style. The respondents also started the same business with more or less the same trade name of the petitioner. It was held by the Delhi High Court that the respondent’s user of the trade mark was not honest and the registration for the same was held illegal and was dismissed. *British India Corpn.Ltd. v. Kharaiti Ram*, AIR 2000 Del. 289 (291, 292).

18) Where the plaintiff prayed for the grant of temporary injunction against the defendant for alleged infringement of his trade mark “Johnnie Walker”, the Delhi High Court, while upholding the grant of interim injunction in favour of the plaintiffs held that the trade dress used by the defendant was not coincidental and deserved to be restrained. *United Distillers Plc. V. Jagdish Joshi and others*, 2001 CLC 378(381).

19) While refusing to grant interim injunction, the Division Bench of the Delhi High Court, in the following case of alleged Trade Mark infringement, held that the trade name [Tazo and Amazzo] and trade dress of the two products were different, the product of the plaintiff being sold in the name of ‘Lays’ and the product of the defendant was known as “Uncle
20) Where there was similarity of internet domains [Rediff and Radiff] used by the plaintiff and the defendant and where the plaintiff’s domain name was widely published, a learned single Judge of the Bombay High Court, while acknowledging the importance of the domain name to be protected as a trade mark, held that there was deception on the part of the defendant. Accordingly, plaintiff was granted interlocutory injunction. *Rediff Communication Limited v. Cyberbooth and another*, AIR 2000 Bombay 27 (32,33).

21) It is held that the appellant’s (Pawan Kumar AtmaramSaboo and Another) trade names, i.e. ‘Saboo Sons’ and ‘SabooDecopride (P) Ltd.’ were widely advertised and gained wide reputation and user of similar or identical trade name i.e. ‘Saboo Collections’ by the respondents caused deception and created confusion in the minds of the customers as well as other dealers. It is also held that it is not possible to accept the contentions that the surname of respondents being ‘Saboo’, the respondents are entitled to adopt and use it because in the case in hand from the documents on record *prima facie* it appears that the respondents are not using the word ‘Saboo’ as a trading style but are using it as a trade sign and such user is not permissible[ *Pawan Kumar AtmaramSaboo v. Saboo Collections*, 2002(24) PTC 27 (Bom).]
22) The Plaintiff (Laxmikant V. Patel) is operating under the name and style “Muktajivan Studio” and the defendant earlier using name ‘Gokul Studio’ later on changed the name as Muktajivan Studio and the intention of the defendant is to make use of business name of the plaintiff so as to divert his business or customers to himself is apparent. As the Plaintiff acquired a goodwill as to the quality of services being rendered, there is likelihood of injury which would be caused to the plaintiff in future. Appeal is allowed by the Supreme Court by passing injunction against the defendant. [Laxmikant V. Patel v. Chetanbhat Shah, AIR 2002 SC 275 = 2002 (3) SCC 65 = 2002 (24) PTC 1 (SC)].

23) The Gujarat High Court has held that the Registrar has power to extend time in filing evidence even though the period mentioned in Rule 52 or extended period thereof has expired even though the application for extension of time is made beyond that period and therefore, the Registrar is directed to allow the petition for original opponents to oppose and also allow him to file necessary evidence, he will allow the respondent also to file necessary documents and thereafter, he will adjudicate the opposition proceedings in accordance with the provisions of law and rules. [Dharamsi Morarji Chgem Co. Ltd. v. T.J. Fertilizers, 2002 (24) PTC 10 (Guj.)].

24) The High Court of Madras has held that the trade name adopted by the respondent is identical, though some, slight modification, not
materially altering its essential features. Similarity between the competent parties causes deception and confusion in the minds of the purchaser. The applicant is entitled to grant of injunction prayed for passing off its goods against the respondent. [S.V.S. Oil Mills v. S.V., S. Agro Refineries P. Ltd., 2002 (24) PTC 41 (Mad.)].

25) The Plaintiff [SudhirBatra Trading as Merch (India)] has his trade mark registered under the name “ARCHIS”, while in the case of defendant his application though allowed is still sub judice and the plaintiff sought interim injunction against defendant but the defendant started using the trade mark ÁRJIES”. As phonetically both the words look identical and ordinary consumer can easily be misled, the High Court of Delhi allowed the application restraining defendant from using trade mark “ARJIES”. [SudhirBatra Trading as Merch (India) v. ArjiesAluminiumUdyog, 2002 (24) PTC 55 (Del.)]

26) Plaintiff is the registered holder of trade mark “VIP” and registration of copyright of the word also in his favour. The word “VIP” is a common mark used by the plaintiff in all their products so to say various products belonging to the plaintiff are having different marks with the common word “VIP”. Different marks are being used to identify different products belonging to the plaintiff. At the same time various products belonging to the plaintiff are made known to the customers by user of the common word “VIP” so that the ultimate consumers may know that although
various marks are used in respect of various products those belonging to the same group and/or same manufacturer having a common word “VIP”. The High Court of Calcutta has held that the adoption of the word by defendant would cause confusion of deception and in result, *ad interim* order of injunction is confirmed and is made absolute. [HyboHindusthan v. SethiaHasiery Mills, 2002 (24) PTC 65 (Cal.)].

27) Plaintiff’s trade mark is “MAHABIR” with the device of Lord HANUMAN. Defendant’s mark is ‘HARI DARSHAN” with photographs of 12 different Gods and Goddesses one of which is that of Lord HANUMAN – The High Court of Delhi has held that there is no likelihood of confusion or deception and there is no *prima facie* case for an interim relief. [Amir Chand Om Prakash v. HariDarsalSevashram Pvt. Limited, 2002 (24) PTC 86 (Del.)]

28) The respondent (Midas Hygiene Industries (P) Ltd.) had used the original LAXMAN REKHAA and the appellants (Sudhir Bhatia &Ors.) had used MAGIC LAXMAN REKHA/TM LAXMAN REKHA. This continued for a period of at least 5 years. Though the cartons of the two are in colour combination of red and yellow, they are not totally similar.

If a party adopts a sort of *Rip Van Wingke* policy of going to sleep and not watching what his rivals and competitors in the same business were doing they are disentitled to any injunction. The High Court of Delhi has held that delay has been too long for granting prohibitory injunction relief to the respondent as there is an element of acquiescence on behalf of the
respondent. [Sudhir Bhatia v. Midas Hygiene Industries (P) Ltd. 2002 (24) PTC 94 (Del.) (DB).]

29) The High Court of Delhi has held when an application for registration of impugned trade mark initially filed in Trade Mark Registry at Chennai, pending assignment application in favour of Delhi Party outside the jurisdiction of the Registry and as assignment allowed and registration certificate issued by Chennai Registry. Only the Madras High Court has jurisdiction to entertain rectification petition and petition in Delhi High Court is not maintainable. [Lakha Ram Sharma v. Balar Marketing Pvt. Ltd. & Others, 2002 (24) PTC 115. (Del.)]

30) Plaintiff Company incorporated in 1945 with the trade mark ‘Mahendra and Mohammed Ltd.,’ subsequently changed to ‘Mahindra and Mahindra Ltd.,’ The High Court has held that the use of the words “Mahendra and Mahendra” by defendant company which is yet to commence is trading on the goodwill and reputation of plaintiff, since the words are phonetically, visually and structurally almost similar, and in any event deceptively similar and the High Court has granted injunction right in favour of the plaintiff.

An appeal was made to the Supreme Court, and the Apex Court has held that people have come to associate the name ‘Mahindra’ with a certain standard of goods and services and any attempt by another person to use the name in business and trade circles is likely to and in probably will create an impression of a connection with the plaintiffs’ group of companies and
likely to affect the plaintiff prejudicially in its business and dismissed the appeal as order passed by the High Court do not call for interference. [Mahendra&Mahendra Paper Mills Ltd. v. Mahindra & Mahindra Ltd., 2002 (24) PTC 121 (SC).]

31) The High Court of Calcutta has held that there is only common feature in the pouches of both parties similar in colour combination and there are dissimilarities in essential features such as name ‘KuberKhaini’ and ‘ChakorKaini’ and get up of the pouches easily distinguishable by customers and ordered that plaintiff is not entitled to injunction as there is no likelihood of confusion or deception. [KubeKhaini Pvt. Ltd. v. PrabhoolalRamratan Das Pvt. Ltd. and another, 2002 (24) PTC 135 (Cal.)].

32) Where two trade marks are identical, no further question arises for that and infringement is made out. But where two marks are not identical, the plaintiffs would have to establish that the marks used by the defendants nearly resemble with the registered trademark of the plaintiffs and is likely to cause confusion and deceive customers. The onus is always on the plaintiff. The Court has to compare the two marks. It would see the degree of resemblance, which is necessary to exist to cause deception. The purpose of the comparison is for determining whether the essential features of the plaintiffs trade mark are to be found used by the defendants. The ultimate test is whether the trademark used by the defendants is deceptively similar.
The resemblance in this regard can be phonetically, visual or in the basic idea represented by the plaintiffs’ trade mark.

Plaintiff’s trademark is ‘XYMEX’ and that of defendant ‘XENES’. Products of both are digestive enzymes, one in liquid and the other in capsule form and both marks derived from word ‘enzymes’. The High Court of Delhi has held that mere descriptive, not distinct and mere phonetical similarity is not enough. The Court refused injunction as there is no likelihood of confusion and deception. [Samir Khatib & Another v. Seagull Labs. (I) Pvt. Ltd. & Another, 2002 (24) PTC 165 (Del.)].

33) The Plaintiff, Allianz Aktiengesellschaft Holding, is a German Company, has reputation in so far as insurance business is concerned and they have also acquired some reputation in financial sector abroad, not in India. This foreign company has no registration of trade mark in India before the Indian company namely, Allianz Capital & Management Services Ltd., started business in investment and financial sector other than in insurance and non-banking financial sector. The foreign company has no trans-border reputation in India nor any secondary meaning attached to the impugned trade mark ‘ALLIANCE’ in relation to investment and financial services. The High Court of Delhi has held that the foreign company is restrained from using the mark in relation to investment and financial service sector and the Indian company in relation to insurance sector. [Allianz
34) The Plaintiff has been manufacturing and selling cleaning powder in polythene pouches under the trade mark ‘SABENA’. The defendant is also dealing in same goods in pouches, under the mark “SUBEEMA”, using insignificant dissimilarities, likely to lead an ordinary man to mistake the defendant’s product for that of the plaintiff. Hence, the High Court of Madras made absolute already granted *ad interim* injunction. [Scientific Compounds and Processes Private Limited and Another v. Hanuman Cottage Industry, 2002 (24) PTC 249 (Mad.).]

35) Plaintiff has been marketing its oil products under trade mark S.V.,S. for about 3 decades and acquired I.S.I. Status. The defendant is also using the trade name and style S.V.S. with an addition of letter ‘R’ in small font, manufacturing and marketing similar products. The High Court of Madras granted injunction in favour of plaintiff as there is likelihood of consumers being deceived. [S.V.S. Oil Mills represented by its partner S.V. Chandrapandian v. S.V.S. Rajkumar Trading as Agro Foods & S.V.S. Oil Mills, 2002 (24) PTC 330. (Mad.).]

36) Petitioner and respondents are partners and proprietors of registered trade marks of dissolved firm namely, Bawa Masala Company. Upon dissolution territories were allotted to the parties regarding user of trade marks, under MoU. Respondents have applied for registering trade marks in
their name upon devolution of title on them under deed of dissolution. Registrar has granted prayer without issuing notice to petitioner, whose name is on register, calling upon him to show cause. The High Court of Delhi has ordered to be stayed pending appeal there against as it is violative of natural justice. [BawaJagmohan Singh and Ors. V. The Registrar of Trade Mark and Others, 2002 (24) PTC 417 (Del.)].

37) The appellants, Torrent Pharmaceuticals Ltd., are Company incorporated under the provisions of the Companies Act and carrying on business at Ahmedabad. They filed an application for registration of Trade Mark “TROVIREX” in respect of Medical and Pharmaceutical preparations. The Welcome Foundation Ltd., an English Company objected to the said application on the ground that one of their trade marks is ‘ZOVIRAX’ in respect of pharmaceuticals and medical preparations. Asst. Registrar has held trade mark has the highest degree of resemblance visually and phonetically and he prohibited registration by operation of discretionary powers of Asst. Registrar under the Act as the trade mark applied is likely to deceive or cause confusion and deceptively similar. The High Court of Gujarat at Ahmedabad dismissed the appeal by confirming the orders of Registrar. [Torrent Pharmaceuticals Ltd. v. The Welcome Foundation Ltd., 2002 (24) PTC 580 (Guj.)].

38) Plaintiff’s company was incorporated in the USA, dealing in confectionery under its registered trade mark, “MARS”. The company neither
established extensive sales of its goods under said trade mark in India, nor any reputation among Indian Public. The adoption of trade mark “MARES” by defendant for similar goods is considered deceptively similar likely to pass off defendants goods for that of plaintiffs and the High Court of Madras has held it is infringement. However, no relief has been granted as the said suit itself not maintainable for want of valid and subsisting power of attorney. [MARS Incorporated, the USA v. MARES Confectioneries P. Ltd. Madras, 2002 (24) PTC 602. (Mad.).]

39) The High Court of Delhi has held that Trademark “INDOL” adopted by defendants has deceptive similarities in look and sound to the trade mark “INDROL” with similar colour combination, get up and by-out is bound to create confusion amongst unwary customers and it has decreed to protect the right of plaintiff. [Castrol Limited and Another v. Subhash Kapoor and Another, 2002 (24) PTC 628 (Del.).]

40) The applicant has applied for trade mark “TOSIBA” in respect of electric ovens and irons. Opponent’s trade mark “TOSHIBA” in respect of electrical goods is well known in India and abroad. The use of the mark “TOSIBA” as applied for registration in respect of goods of same description is not bona fide and is liable to cause confusion and deception. There registration was not granted by the Asstt. Registrar of Trade Marks, Delhi. [TOSIBA Appliances Company, an Opponent and Kabushiki Kaisha Toshiba, an applicant, 2002 (24) PTC 654 (Reg.).]
41) The Deputy Registrar of Trade Marks, Chennai has held that where the rival marks, “HIS MASTER’S VOICE” AND “HIS MASTER’S CHOICE” are related to two totally different goods, used for two different purposes by different classes of customers and it is difficult to say that there is deceptive similarity and hence opposition to registration of the disputed mark cannot be sustained. [Antony Kavalakattu trading as Lunar Rubbers at Mani Industries v. E.M.I. Records Limited, 2002 (24) PTC 738 (Reg.)].

42) The Supreme Court of India has held that where in a suit for injunction alleging violation of trade mark, the Division Bench ought not to have interfered with the decision of the Single Judge who had declined to confirm the ex parte injunction which had been issued earlier in favour of respondent. [Aristo Pharmaceuticals Ltd. v. Wockhardt Ltd., 2001 PTC 139 (SC) = 2000 (10) SCC 93 = 2000 (3) Raj. 92].

43) The High Court of Madras has held that when the two trade marks are deceptively similar, even an intention to deceive need not be proved, and where the get-up and collocation of the words and colour are not purely accidental but the sequence of the words and placement are identical, there is infringement entitling the plaintiff to get an injunction against the defendant. [R. Gopala Krishnan v. Venkateshwara Comphor Works, 2001 PTC 233 (Mad.)].
44) The Supreme Court of India has held that in an action for passing off on the basis of unregistered trade mark, generally for deciding the question of deceptive similarity, the following factors are to be considered.

(a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks i.e. both words and label works.

(b) The degree of resembleness between the marks, phonetically similar and hence similar in idea;

(c) The nature of the goods in respect of which they are used as trade marks;

(d) The similarity in the nature, character and performance of the goods of the rival traders.

(e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.

(f) The mode of purchasing the goods or placing orders for the goods, and

(g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

Weightage to be given to each of the aforesaid factors depends upon facts of each case and the same weightage cannot be given to each factor in every case. [Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd., 2001 PTC 300 (SC) AIR 2001 SC 1952 = 2001 (5) SCC 73.].
45) The High Court of Delhi has held that the defendant’s adoption of trade mark “Playway” not only amounts to infringement of plaintiff’s internationally well-known registered mark “Playboy, because of its deceptive similarity as to its ideas, contents, concepts, themes and photographs etc., resulting in confusion and deception as it its source, but also amounts to passing off tending to thrive upon the strength of its reputation and the plaintiff has the right to protect its trade name ‘PLAYBOY’ from infringement as well as from passing off. [Playboy Enterprises, Inc. v. Bharat Malic and Another, 2001 PTC 328 (Del.)].

46) The High Court of Andhra Pradesh has held that which once the infringement is alleged, it is not necessary that the mark should be deceptively similar and if the mark has the effect of creating confusion in the minds of consumers, it constitutes sufficient violation of trade mark of infringement of registered trade mark. [Shalimar Chemical Works Ltd. v. Surender Oil & Dal Mills & Others, 2001 PTC 392 (AP)].

47) The plaintiff filed a suit praying for a permanent injunction restraining the defendants from manufacturing, selling or dealing with in any manner under the trade mark “GLORY” or any imitation fo the plaintiff’s “CROWNING GLORY” soap cartons. The High of Delhi has held that the use by the defendant of the mark and related carton in respect of vanishing cream is likely to cause confusion and deception resulting in passing off the plaintiff’s goods i.e. soap under the same trade names in identical carton
and also held that the plaintiff is entitled to succeed and hence, the suit is decreed accordingly. [Godrej Soaps (P) Ltd. v. Dora Cosmetics Co., 2001 PTC 407 (Del.).]

48) The High Court of Gujarat at Ahmedabad has held that the appellant and the plaintiff both are engaged in manufacturing ceramic products and the word, “CERA” is a generic name derived from the work ‘ceramics’, used commonly for many ceramic products on which nobody can claim any monopoly and the logos of the parties are also different, no infringement can be alleged and interim injunction granted is liable to be vacated.[Regency Sanitary Ware Pvt. Ltd. v. Madhusudan Industries Ltd., 2001 PTC 422 (Guj.).]

49) The High Court of Delhi has held that where the plaintiffs established that they are the owners of the registered mark ‘NIRMA’ for their several products including tea, which is an invented name, and the case of passing off and the goods manufactured by defendants are cognate and allied under the name “NIRMA TIGER TEA”, it is a clear case of infringement and hence, a decree of permanent injunction is passed restraining the defendants from using the registered trade mark “NIRMA’ of the plaintiff. [Shantaben Karasanbhai Patel and Others v. S.C. Jain and Another, 2001 PTC 427 (Del.).]

50) The High Court of Delhi has held that “It is now well settled law with the advent of modern technology particularly that relating to cyberspace,
domain name or internet sites are entitled to protection as a trade mark because they are more than a mere address and the rendering of internet service is also entitled to protection in the same way as goods and services are, and trade mark law applied to activities on internet, [Tata Sons Limited v. Manu Kosuri&Ors., 2001 PTC 432 (Del.)].

51) The High Court of Delhi has held that where the evidence on record established by preponderance of all probabilities that the plaintiff is the absolute owner of the impugned mark and the defendants have fraudulently adopted the said mark and have been using identical packing material, there is every likelihood of confusion being created in the minds of the consumers to think that the defendant’s goods are that of the plaintiff and therefore plaintiff is entitled to perpetual injunction against the defendants. [Ti Diamond Chain Ltd. v. Ashok Kumar &Anr., 2001 PTC 465 (Del.)].

52) The High Court of Delhi has held that where a generic word is used as prefix suggestive of the ailments which the drug treats and the said prefix having been used for several products of same nature by parties other than defendant even prior to its use by the plaintiff, and the sale of products is through well-qualified chemists, plaintiff cannot allege confusion or deception for injunctioning the defendant from using the prefix, and hence no passing off action lies. [Aviat Chemicals Pvt. Ltd. &Anr. V. Intas Pharmaceuticals Ltd. 2001 PTC 601 (Del.).]
53) Plaintiff’s trade mark “BISLERI” is an Italic surname and has no dictionary meaning. The defendants registered the domain name i.e. “bisleri.com.” The High Court of Delhi has held that a domain name is more than an internet address and is entitled to equal protection as trade mark. [Acqua Minerals Limited v. Pramod Borse & Anr., 2001 PTC 619 (Del.).]

54) The High Court of Delhi has held that while delay in institution of a suit for an action for passing off may not be fatal, it is one of the important and relevant considerations before granting an ex parte or interlocutory injunction. Therefore, in a suit for action for passing off filed after having waited for the defendant to incur expenses in its business and launching its products, with a view to stem the sale market of defendant’s product, no ex parte injunction could have been granted. [B.L. and Co. and others v. Pfizer Products Incl., 2001 PTC 797 (Del.).]

55) The High Court of Delhi has held that so far as the action for infringement of a trademark is concerned, it is statutory remedy and in order to succeed the plaintiff has to establish its title and exclusive right to use the said trademark. So far as the action for passing off is concerned the aggrieved person should not be a registered proprietor of the trademark. It has only to establish the goodwill, reputation, long, prior and substantial use of the said mark. While in the case of an infringement of a registered trademark the defendant cannot escape the liability but in the action for passing off the existence of element of deceit and false representation is
necessary. If the defendant succeeds in establishing that his goods have such distinctions in spite of having some or other kind of similarities that do not originate or sourced from the plaintiff’s goods be can escape the liability.

However, in the instant case, the identical trademark has been used by the defendant and thus there is a total infringement of the registered trademark of the plaintiff.

56) The High Court of Delhi has held that when there are many products in the market having similar name as that of the plaintiff than that of the defendant, the use of the trade mark by the defendant for its products is not likely to cause any confusion or deception in the minds of the consumers, and therefore the *ex partead interim* injunction granted in favour of the plaintiff is liable to be set aside as the balance of convenience also is in favour of the defendant. [*Khandelwal Laboratories Ltd. v. FDC Limited*, 2001 PTC 864 (Del.)].

57) The Plaintiff is a renowned global corporation engaged in the business of computer under the name and mark of ‘INTEL’. The defendant is a Chennai-based company engaged in the business of manufacturing heavy tools under the name & style of “INTEL TOOLS”. Plaintiff has alleged that trade name adopted by the defendant is deceptively similar to that of the plaintiff which amounts to pass off. The High Court of Madras has passed the order of interim injunction as there is likelihood of misunderstanding of the
products of defendant as the products of the plaintiff. [*Intel Corporation v. S. Ramanan, Director & Anrl., 2002 PTC 457 (Mad.*)].

58) The plaintiff is a manufacturing company of pharmaceutical preparation under the trade mark “ALBEN” and would cause confusion and deception in the minds of the general public and granted injunction as prayed for in the application. [*Smithkline Beecham Pharmaceutical (India) Ltd., &Ors. v. Prakesh Setia & Ors., 2002 (25) PTC 482 (Del.*)].

59) Rudi Roller Flour Mills (P) Ltd. filed an application for registration of trade mark “SHIV SHAKTI” with the device of Trishool and Damroo in respect of atta, maida, suji. Kewal Krishnan Kumar, Delhi filed a contention that the mark applied for is identical and deceptively similar to his registered trade mark “SHAKTI BHOG”. The words “SHIV SHAKTI” with the device of Trishool and Damroo convey a different meaning than that of the words “SHAKTI BHOG”. The device of Trishool and Damroo pertain to Hindu God Shiv only and none else. The Asst. Registrar of Trade Marks, Delhi, has held that the opponent’s contention that the mark applied for is deceptively similar to his registered trade mark “SHAKTI BHOG” cannot be accepted and the opponent’s objection under Section 12(1) cannot be sustained. [*Rudi Roller Flour Mills (P) Ltd. v. Kewal Krishnan Kumar, Samay Pur, Delhi, 2002 (25) PTC 555 (Reg.*)].

60) The plaintiff, M/s. Atlas Cycle (Haryana) Limited, a public limited company has filed a suit praying for a decree of permanent injunction
restraining the defendant from using their trade mark “ATLAS”. The High Court of Delhi observed that there is a deceptive resemblance between the plaintiff’s mark ‘ATLAS’ and the defendant’s mark ‘House of Atlas’ and the bare use of the words ‘House of’ as a pre-fix is likely to cause confusion or deception in the mind of the purchaser, thus constituting infringement of plaintiff’s trade mark ‘Atlas’. Therefore, defendants are restrained from using the trade mark ‘House of Atlas’ in respect of bicycles and cycle parts till the disposal of the suit. [Atlas Cycle (Haryana) Ltd. v. Atlas Products Pvt. Ltd. & Anr., 2002 (25) PTC 563 (Del)].

61) Plaintiff is the proprietor of trade mark ‘MODICARE’. Defendant registered the domain name “modicarenetwork.com”. The word ‘modi’ is a household name synonymous with quality, reliability and excellence. The High Court of Delhi has passed a decree of permanent injunction in favour of the plaintiff as the use of trademark, ‘Modicare’ and domain name are likely to cause confusion and deception. [Modicare Ltd. v. Shankar Narayan Sagari, 2002 (25) PTC 662 (Del)].

62) The Deputy Registrar of Trade Marks, Chennai has upheld the objection as applicant’s trade mark for which registration is sought consisting of the device of an elephant with the words “APPU BRAND” and opponents’ registered trade mark consisting of the device of an elephant and the words “Elephant Brand” (HAATHI CHAAP) for their goods of food products for human consumption are of same description and the competing
trade marks deceptively similar and refused the application under Section 18(4) of the Act. [Kalyanapuri Flour Mills Private Limited, Bangalore v. Jugal Kishore Harbanslal, Delhi, 2002 (25) PTC 694 (Reg.)].

63) Plaintiff is the manufacturer and seller of pan masala, chewing tobacco etc., under registered trade mark ‘PARAG’. Defendant is dealing in tea, prefixing the word of the goods manufactured and sold by it. The tea sold by the appellant and betel and tobacco preparations sold by the respondent confusion or deception, the High Court of Allahabad vacated the injunction. [Vinayak Tea Co. v. Kothari Products Ltd., 2002 (25) PTC 721 (DB) (All.)].

64) Standard Electricals Limited v. Rocket Electricals & Another [2004 (28) PTC 26 (Del.)].

Both Plaintiff and defendant are dealing in electrical goods. The plaintiff is using the work STANDARD as its trade mark since 1958. The defendant is selling its products under the mark MAX STANDARD since 1979 and presently under the trade mark MS STANDARD, since 1992. Except the word STANDARD, which is common in the trade marks, there is no constructive and visual resemblance between the two trade marks. The plaintiff claimed that there is deceptive similarity and balance of convenience and prayed for interim injunction under infringement and passing off action.

It was held that for the past 20 years, the defendant’s goods are sold and have not cause any monetary loss or injury to the reputation of the plaintiff.
Even the plaintiff in fact came to know of the presence of defendant’s goods in the market even though the goods of both the parties were published sometimes in the same journal, newspapers and telephone directories, other print and visual media etc. *Prima facie* both have carved out a niche in the market for their goods identified by their pecuniary printed trade mark and they have not caused any confusion or deception in the trade so as to pass off the goods of the defendant as that of the plaintiff. Though the plaintiff has *bona fide* dispute and serious contentions, which required investigation, the balance of convenience is not in favour of grant of *ad interim* injunction in the present case.

65) *Harish MotichandSariya v. Ajanta India Limited and Anr.* 92004 (28) PTC 42 (Bom.).

The plaintiff is dealing in booth brush under the registered trade mark ‘AJANTA’ for about fifty years (since 1950). Subsequently, the defendant used the impugned trade mark ‘AJANTA’ in respect of the tooth-paste, cognate goods. It has been held that the defendants must be taken to have knowledge of the plaintiff’s reputation in the trade mark AJANTA as regards the cognate goods such as tooth brush is concerned. It is no answer on behalf of the defendants to state that they also had a reputation in the name Ajanta in regard to Transistor Clock which are far removed in association, either commercial or actual from products like tooth brush and tooth paste. Thus if the defendants decided to go ahead and manufacture tooth paste
with knowledge, which they seem to have had, of the plaintiff’s claim to the trade mark AJANTA although in tooth brushes only. Injunction has been granted as there is *prima facie* case in favour of plaintiff.

66) *General Electric Company of India Limited v. Goel Engineering Company and Ors.*, [2004 (28) PTC 74 (Del.)].

The plaintiff contested the registration of trade mark ‘Gec’ in respect of hand pumps, chaff cutter, blades and chaff cutter machines of the defendant. It has been held that the trade mark of the petitioner cannot be phonetically pronounced as it consists of the 3 alphabets “G.E.C.” each having a full stop in between and each being in capital form. It is incapable of being be tead by any person seeing it as ‘Gee’. The alphabets used are ‘G’ (in capital form) ‘ec’ (both in small letters). As there is no phonetical similarity and much less deceptive similarity, it has been held that the Registrar has correctly applied the law.

67) *President Enterprise Corporation v. Besnier S.A.*, [2004 (28) PTC 76 (Registry, Delhi)].

The application for registration of trade mark ‘President’ in respect of Fruit Juices, Soyabean Milk has been rejected when contested by the opponent that there is prohibition of use of certain emblems and names under Emblems and Names (Prevention of Improper Use) Act, 1950 and the name, emblem or official seal of President, Governor, Sardar-i-Riyasat or Republic or Union of India.
68) *Tata Tea Limited v. Suruchi Tea Company and Anr.*, [2004 (28) PTC 83 (Bom.)].

The plaintiff opposed the registration of trade mark of the defendant as there is likelihood of confusion and/or deception.

The plaintiff’s registered trade mark “TATA TEA” consisting of concentric circles around a central core with an oblique thick line on the upper left hand corner of the pouch, with green shade upon which ‘TATA TEA’ imprinted.

The defendant’s mark for which registration sought, ‘SURUCHI TEA’ also consisting of concentric circles, two oblique lines and green shade – design or get up and colour combination adopted by applicant almost produce a visual similarity of a striking resemblance to the product sold by opponent.

The High Court has held that the order of Dy. Registrar granting registration to the applicant, unsustainable as the defendant cannot use any visual representation deceptively similar to the ornamental pattern based on concentric curves which is associated with the registered trade mark of the opponent or adopt any design similar thereto that is likely to deceive or to cause confusion.

69) *Hindustan Petroleum Corpn. Ltd. v. H.P. Oil Corporation Ltd.* 92004 (28) PTC 362 (Bom.)]

Plaintiff, Hindustan Petroleum Corporation Ltd. is a large refining and marketing oil company having a large network of retail outlets, kerosene distributors and LPG dealers all over India. It adopted “HP” logo being the
abbreviation of its corporate name as a trade mark. The defendant, with name and style of Hind Petro Corporation Ltd. subsequently renamed as H.P. Oil Corporation Ltd. adopted the letters “H.P.” as its trade mark in carrying on the business in cooking gas in the State of Bihar. The name and trade mark and identity or similarity of the goods covered by such registered trade mark; and also has identity with the registered trade mark and the similarity of the goods by such trade mark and this amounts to infringement of registered trade mark of the plaintiffs. It has been held that the plaintiff is entitled to grant of an interim relief as prayed for not confined to the territory of Bihar State only as the plaintiff having its business network all over India including the State of Bihar so as to ensure that the defendants do not indulge in infringement of the registered trade mark.

70) Satyam Infoway Ltd. v. Sifynet Solutions Pvt. Ltd., [2004 (28) PTC 566 (SC)]

The appellant Satyam Infoway Ltd. has registered several domain names like ‘www.sifynet, www.sifymail.com, www.sifyrealestate.com’ etc’. But, the respondent, Sifynet Solutions Pvt. Ltd. started carrying on business of internet marketing under the domain names, www.siffynet.net and www.siffynet.com. Appellant filed a suit in the City Civil Court against the respondent raising the dispute regarding the use of word ‘siffy’ and on the basis that the respondent was passing off its business and services by using the appellant’s business name and domain name. City Civil Court Judge
allowed the application for temporary injunction. An appeal was filed in the High Court which stayed the order of the trial Court. Now Appellant appealed to the Supreme Court. As the appellant is the prior user and has the right to debar the respondent from eating into the goodwill it may have built up in connection with the name and apart from being the prior user, the appellant has adduced sufficient evidence to show that the public associates the trade name ‘SIFY’ with the appellant, the appeal is allowed. The Supreme Court has set aside the decision of the High Court and affirmed the decision of the City Civil Court.

71) Vinod Kumar Jain v. Blumac Electricals India, [2004 (29) PTC 361 (Del.)].

In this suit under Sections 134 and 135 of the Trade Marks Act, 1999, the plaintiff prayed for the issuance of ad interim injunction restraining the defendant from using, manufacturing, selling, advertising or displaying or directly or indirectly dealing in the trade mark ‘Johnson’ or any other trade mark identical with or deceptively similar thereto. The trade mark ‘Johnson’ is assigned to plaintiff in terms of family settlement. But, the defendant is entitled to use trade mark for a period of 51 years subject to payment of royalty. The defendant has already used the mark for 20 years and the assignment in favour of plaintiff was also revoked by the owner of the mark. It has been held that the Court would be reluctant to grant interim injunction
under such circumstances and it dismissed the application for interim injunction.

72) *Jupiter Infosys Ltd. v. Infosys Technologies Limited*, [2004 (29) PTC (IPAB)].

The petitioner M/s. Jupiter Infosys, Kolkata is a company registered under the Companies Act, 1956 and is carrying on business of sales and distribution of computers, computer parts, accessories, computer peripherals and other items of hardware. It does not deal in software. First respondent M/s. Infosys Technologies Limited, Bangalore filed an application with the Registrar of Companies, West Bengal seeking issue of a direction to the petitioner to change its name by deleting the word ‘Infosys’. The Registrar of Companies, West Bengal declined to issue such a direction. First respondent filed a civil suit before the High Court at Kolkata alleging infringement of its registered trade mark ‘INFOSYS’ and for passing-off against the petitioner. Along with the plaint, the respondent moved in High Court at Madras for interim injunction against the petitioner and *ex parte* interim injunction was granted by that Hon’ble Court restraining the petitioner company from using the name Jupiter Infosys (Pvt.) Ltd.

The petitioner, Jupiter Infosys Ltd. approached the Intellectual Property Appellate Board, Chennai. It is observed that the mark was used only for the purpose of computer software. There is no material to show the use of mark for goods for a period of five years and one month by the respondent. The
first respondent has failed to make out its case that it had been in manufacturing or trading of the goods, for which it had taken registration. The Court has held that the petitioner succeeds in his application. The applications are allowed and the Registrar shall remove these registrations from the Register.

73) *Dabur India Limited v. Colgate Palmolive India Ltd.*, [2004 (29) PTC 401 (Del.)].

The plaintiff has largest share of 80 per cent of Ayurvedic tooth power market in country. In the visual advertise campaign of the Colgate Palmolive India Ltd. featuring a popular cine star runs down all LalDantManjan tooth powders as severely detrimental to dental health and in particular damaging tooth enamel. Through the offending advertisement not directly referring to DaburLalDantManjan powder, the defendant cleverly hit a rival product. In order to describe its product, defendant cannot describe as inferior and damaging the generic product LalDantManjan. Slandering a rival product is bad. Offer of defendant to drop the container from its advertisement so as to avoid averred identification of plaintiff’s product rightly rejected by the plaintiff. The Court has decided that the plaintiff is entitled to injunction prayed for and defendant is restrained from telecasting the impugned commercial ad.

74) *Godfrey Philips India Ltd. v. Girnar Food & Beverages (P) Ltd.*, [2005 (309) PTC 1 (SC)].
The appellant, Godfrey Philips India Ltd. sells tea under what is called “an umbrella trade mark” namely, ‘Tea City’. According to the appellant there are different kinds of tea which are sold under this umbrella trade mark with special trade marks in respect of particular kinds of tea. One of the kinds of tea sold in this manner is “SUPER CUP” since 1987-88. Adopting trade mark “SUPER TEA”, the respondent is also dealing in tea.

On the allegation that the respondent had wrongfully used the words “SUPER CUP” in connection with the sale of its tea, the appellant filed proceedings before the High Court alleging passing on of its trade mark ‘SUPER CUP’ by the respondent praying for an injunction is allowed by the learned single Judge. The respondent appealed before the Division Bench. The Division Bench allowed the appeal. It upheld the judgment of the single Judge holding that appellant’s products displayed “SUPER CUP” prominently and “TEA CITY” not occupying prominent position. However, the Division Bench held that the words “SUPER” referred to the character or quality of the tea and was merely a laudatory word and the count ‘cup’ referred to the cup of tea. Accordingly, the Division Bench came to conclusion that the phrase ‘Super Cup’ was descriptive and laudatory of the goods of the appellant and therefore, the appellant was not entitled to any order of injunction.

The Supreme Court considered the decision of the Division Bench as unsustainable. It has held that a descriptive or laudatory trade mark entitled
to protection if it assumed a secondary meaning identifying it with a particular product or being from a particular source, and the mater remanded to the Division Bench.

**Case Law of Copyright in India:**

1. Where the plaintiffs could successfully prove the infringement of the industrial design (cranes) by the defendants owing to the defendants’ confidential relationship with the plaintiffs in the past and the rapidity with which the defendants had produced the crane in question, a learned single Judge of the Delhi High Court held that all the three ingredients for granting the interim injunction namely, *prima facie* case, balance of convenience and irreparable injury were made out in the case by the plaintiffs and hence granted the interim injunction in favour of the plaintiffs. *Escorts Construction Equipment Ltd. and Other v. Action Construction Equipment Pvt. Ltd. and another*, *AIR 1999 Del. 73* (82, 83).

2. The contention that no originality can be claimed in dictionaries, compilations, guidebooks, maps etc as they involve no brain, skill and labour “cannot be accepted ...... then it will be obvious that only the dictionary, gazetteer, grammar, map, almanac, encyclopedia or guide book will sell and not the rest. Any man who refers to the Oxford dictionary or Webster and Chambers dictionary will find out the difference between these dictionaries. There is considerable difference in dealing with subject matter ...... In modern complex provisions have to be made for protecting every
man’s Copyright, whether big or small, whether involving a high degree of originality, as in a new poem or picture, or only originality at the vanishing point as in a law report”. Assuming that in books of this type the amount of originality may be very small even then that small amount of originality needs to be protected by law and no man is entitled to steal or appropriate for himself the result of another’s brain, skill and labour in such works. V. Govindan v. GopalakrishnaKone’s, AIR 1955 Mad 391.

(3) The Delhi High Court held that Examination paper is a ‘literary work’ forming subject matter of Copyright. The Copyright of the CBSE in respect of the papers set by the paper setters for consideration received from CBSE was upheld, as the CBSE has become owner of the Copyright in such paper. RupendraKashyap v. Jiwan Publishing Home, 1966 PTC (16).

(4) The court ruled that the writings and sermons of a religious preacher, compiled on his behalf, would come within the meaning of ‘literary works’. Satsang v. KiranChandra AIR 1972 Cal. 533.

(5) It was held in the following case that since video tape comes within the expression “cinematograph film” in view of the extended definition contained in the Act, the copyright should also be taken to have been created in respect of a video film under the Copyright Act, 1957. Entertaining Enterprises, Madras & others v. State of Tamilnadu& another AIR 1984 Mad. 278 (290).
(6) In a case that brought even the Lord to the Court halls, in the context whether the picture of the Lord Balasubrahmanya constitutes a subject matter of a copyright or not his Lordship the Chief Justice P.V. Rajamannar and Justice Ganapati Pillai, constituting a Division Bench, held that though pictorial representation of Lord Balasubrahmanya in a human form is a subject which is common to everyone, still, if a picture of Lord Balasubrahmanya drawn by an artist made up of conventional ideas as to his posture, his form, the ornaments he wears, the Vahanam he uses and other matters, the picture produced is still the result of skill and labour of the artist and it certainly entitles him to claim copyright in the product of his labour. It is well established that, in order to obtain copyright production for literary, musical and artistic works, the subject dealt with need not be original, nor the ideas expressed be something novel. What is required is the expenditure of original skill or labour in execution and not originality of thought. C. Canaiah and Co. v. Balrajanmd Co., AIR 1961 Mad. 111 (112).

(7) It was held that any drawing would inevitably, in most cases, take with it the legends or explanatory notes that describe it in a general way. For the purposes of the copyright any original work that involves skill and labour is a subject of copyright and derivative drawings that have wide application in engineering and other mechanical drawings are certainly original works. The test to determine whether a drawing is entitled to copyright protection or not is how much of the skill and labour expended on
it and not how different is the drawing from the earlier ones. The test is the same even if the drawings are developed on the substratum of some pre-existing drawings. *Merchant Adventures v. M Graw and Company.* (1973 RPC 1).

(8) Both the subject-matter and the language are important in any literary work. It is difficult to comprehend, or to accept, that when two people agree to produce a work where one provides the material, on his own, and the other expresses the same in his language than the entire credit for such work should go to the person who has transcribed the thoughts of another.

Answering the above question the Single Judge of the Delhi High Court quoting an English case [*Levy v. Rutley*, (1871) LR 6 CP 523] where it was said that to constitute joint authorship, there must be a common design, held that if two persons collaborate with each other and, with a common design, produce a literary work then they have to be regarded as joint authors.

“If there is intellectual contribution by two or more persons pursuant to a pre-concerted joint design to the composition of a literary work then those persons have to be regarded as joint authors. In the instant case both of them actively and intellectually collaborated in the composition of the literary work. As at present advised, it appears to me, that Maulona Azad
and Prof. Kabir have to be regarded as the Joint authors of the said work”.


(9) It was held that “in truth, in literature, in science and in art there are and can be few, if any, things which, in an abstract sense, are strictly new and original throughout.”

Quoting the above judgment delivered by Lord Atkinson, the Division Bench of the Madras High Court held that the plaintiff was entitled to a copyright in a portrait of Mahatma Gandhi by a combination of parts of two other photographs of Mahatma Gandhi in a new way so as to produce a different result. *Associated Publishers v. Bashyam*, I AIR 1961 Mad. 114 (116).

(10) In a case related to the showing of video films the Cable Operators and whether it amounted to infringement of the Copyright or not it was held as follows that it amounted to infringement:

“The defendants in the present case do not have any authorization from the owners of the copyright in cinematograph films to broadcast their films. The Copyright Act is meant to protect the owner of the copyright against unauthorized performances of his work, thereby entitling him to earn monetary gain from his intellectual property. Applying all the criteria or in any view of the matter, the defendants, by showing the film over a video T.V. network, are broadcasting the film or communicating it to a section of the public.” The Bombay High Court held that the viewers of a Cable T.V.
Network are those who receive such broadcast through a dish antenna to which their television sets are connected, are either residents of apartments in a building which has such a network or they may be residents of a locality which is covered by this facility. A number of houses, both private homes and public places, may avail of this facility. It is true that the network operates through the connection of a cable to all those various apartments or houses. But this cannot in any way affect the character of audience. The viewers are not members of one family of their guests. They do not have even the homogeneity of a club membership. And even club members have been held to be members of the public. The viewers are residents in different apartments or houses who are in no way connected with each other except by cable. It may be that in some of the homes members of the household will watch the film together. But this does not mean that the entire audience taken together are members of a common household or are family members. They can only be viewed as a portion of public. Showing films over cable T.V without proper authorization amounts to infringing to Copyright Garware Plastics & Polyster Ltd. v. M/s. Telelink, AIR 1989 Bom. 331 (337).

(11) Where the articles published by a newspaper form the basis of a stage play made by the defendant it was held that there could not be a copyright in an event which had actually taken place. Ideas, information, natural phenomena and events on which an author expends his skill, labour
capital, judgment and literary talent were common property and were not the subject of copyright. The form, manner or arrangement of a drama and movie were materially different from a newspaper article and by very nature of the media there was fundamental and substantial dissimilarity in the mode of expression of the idea in a newspaper article and in a stage play or in a movie. Therefore the claim of infringement of copyright appeared to be misconceived. *Indian Express v. Jagmohan*, AIR 1985 Bom. 229 (233).

(12) It was held that if the arrangement or adaptation of an original musical work is so decorated, developed or transferred to a different medium or if a musician changes the simple music of a popular song, such arrangement or adaptation constitutes an original and independent copyright. The idea embodies in such arrangement need not be novel. *Redwood Music v. Chapell*, 1938 RPC 109.

(13) It was laid down by the Supreme Court that one of the surest and safest tests to determine whether or not there has been a violation of Copyright is to see if the reader, spectator or the viewer after having read or seen both works is clearly of the opinion and gets and unmistakable impression that the subsequent works appear to be a copy of the original. *R.G. Anand v. Delux Films*, AIR 1978 SC 1613).

(14) In an alleged case of infringement of the headnotes, a learned single Judge of the Delhi High Court held that a copyright was a limited monopoly having its origin in protection. But there could not be any monopoly in the
subject matter which the author had borrowed from public domain. Material in which no one had a copyright was available to all. It was, therefore, clear that mere reproduction of a part of the judgment in the head-note was not an abridgement of the judgment and no copyright could be claimed therein. (emphasis added). Plaintiffs, therefore, had no copyright in the judgments published in their law reports. Hence there was no question of the defendant infringing any alleged copyright. Eastern Book Co. v. Navin J. Desai, AIR 2001 Del. 185 (211) = 2001 PTC 57.

(15) Where a story was written by the plaintiff and he granted license for entering into the contract between CARE, the distributors and CAP, the printers. The copyright of the said story clearly vested in the plaintiff. Subsequently, the contract between CARE and CAP was terminated. Later, CARE got the books printed and published from another one in Malayalam language. In this context the Division Bench of the Delhi High Court held that there was a clear infringement of copyright of the plaintiff and the plaintiff was entitled to the injunction as well as rendition of accounts and damages against the plaintiff’s proprietorship concern, the CARE, the respondents in this case, P.N. Krishna Murthuy v. Co-op. for American Relief everywhere, AIR 2001 Del. 258 (262).

(16) In a clash of two publishers in the field of legal publication, a learned single Judge of the Delhi High Court, in the context of alleged infringement, held that there was no infringement of copyright when the defendant had
been conferred a right to bring out further editions whether in enlarged form or otherwise. It was further held that the plaintiff had failed to establish any *prima facie* case for an injunction and hence the injunction was rejected. *M/s./ Bharat Law House v. M/s. Wadhwa& Co. Pvt. Ltd.*, AIR 1988 Del 68 (70-72).

(17) Where there were only minor variations between the artistic works of the petitioners and the respondents, and the similarities between the two works were fundamental and substantial and when a suit was brought by the petitioners for rectification of the artistic works of the respondents, it was held by the Copyright Board at Panji (Goa) that the respondent’s work was a slavish copy of the Petitioner’s work and were liable to be expunged from the register. *Hindustan Pencils Ltd. v. Alpna Cottage Industries & Others*, 2001 PTC 504 (CB) (Goa).

(18) Where it was contended by the respondents that the devotional songs dedicated to Lord Muruga could not be the subject matter of the copyright as Carnatic music and Ragas were not the property of the individual, his Lordship M. Karpagavinayagam, honourable Judge of the Madras High Court, while negativing the contention, held that a composer who has done the musical work to the particular song by providing proper tune will be the owner of the copyright and also has powers to assign it. Refuting another contention of the respondents that the Swamigal (Author), having renounced the entire world could not assign his copyright, the
learned Judge held that irrespective of one’s status, be it a family man or saint, a person acquires a right in a work which is the result of his intellectual labour and still. Swamigal, it was held, had not lost his exclusive right in the literary work done by him. *Sulamangalam R. Jayalakshmi and another v. Meta Musicals, Chennai & others, AIR 2000 Mad. 454 (460,463).*

(19) A petition has been filed as a public interest petition seeking appropriate writ, order or direction under Article 226 of the Constitution of India including a writ in the nature of mandamus seeking restoration of the publication and copyright of “:The Wealth of India/Bharat Ki Sampada” to the National Institute of Science Communication and stoppage of publication alleged to be *mala fide* transfer to copyright to a private agency, by respondent, National Institute of Science Communication (NISCOM), a Government Organisation. The High Court of Delhi has held that the petition is not maintainable as the respondent not being an authority within the meaning of ‘State’ under Article 12 of the Constitution [*CASI Scientific Workers Association v. Union of India & Ors., 2002 (24) PTC 148 (Del.) (DB)*].

(20) Plaintiff is manufacturing and marketing needles under registered mark ‘Parry and label’. The defendant adopted the mark for marketing sewing threads. Both goods cognate and sold through same trade channel. It is not a mark invented by the defendants. The defendants’ conduct is not one which can be regarded as *bona fide*. The adoption of that trade mark by
the defendants was deliberately and consciously done with a view to profit from the goodwill earned by the plaintiff for the mark and label. The sewing threads recently does not make any difference, as registration of the mark in a different class is not be itself a complete defence in an action for passing off.

As regards acquiescence, it cannot be said that the plaintiff here is guilty of acquiescence and has disabled itself by not asserting its right. Mere delay in initiating action does not on that score alone disentitle the owner of the mark from seeking an injunction on the ground of passing off. Hence, the High Court of Madras has held that there shall be an injunction against the defendants restraining them, their servants, agents, representatives, etc., from using the mark ‘Parry and/or Parry’ label in relation to sewing threads manufactured/marketed by them. [Needle Industries (India) Limited, Chennai v. Sanjay Jaiswal&Ors., 2002 (24) PTC 646 (DB) (Masd.)]

(21) An application was filed by M/s. Challenger Knitting Mills, Calcutta for registration of copyright in the artistic work “Kashmir Beauty”. Objection from Kothari Hosiery Factory has been raised stating that it has filed a case in Civil Court for falsification of the trade mark “Kashmir Beauty” and the Civil Court has passed injunction order. The main allegation is that artistic work in the label ‘Kothari’ has been copied by the applicant.

The author of the original artistic work must get protection. What is to be seen is whether the work filed by the applicant along with the application for
registration of copyright is a slavish copy of that of the objector. It cannot be said from a close examination to these two works that one work is a slavish copy of another. The artistic work ‘Kashmir Beauty’ has its own characteristics, which makes it rightful to claim originality of its own. The issue before the Civil Court is related to trade marks. Hence, the Registry has entered the particulars in the Register of Copyrights. [Challenger Knitting Mills v. Kothari Hosiery Factory, 2002 (24) PTC 756 (The Registrar of Copyright, New Delhi)].

(22) Lyrics and music, written, composed and sung by defendants on remuneration as agreed with plaintiff and recording is done at a hired studio expenses of which also borne by plaintiff. Unless plaintiff proves that works done by defendants in the course of their employment under a contract of service with him, lyricist and composer would be first authors and owners of copyright, and not the plaintiff or producer. Hence the High Court of Calcutta held that the plaintiff is not entitled to injunction claiming infringement. [Gee Pee Films Pvt. Ltd. v. Pratik Chowdhury and Ors., AIR 2002 Cal. 33 = 2002 (24) PTC 392 (Cal.)].

Plaintiff, Castrol Ltd., is in business under the registered name “CASTROL” since the nineties in respect of lubricants. The use of trade mark “Castrol CRB PLUS” in respect of the printed material on lubricants, oil as well as using of the plastic container with the trade mark Castrol logo, the defendants, Mukesh Kumar and another are infringing the legal rights of the
plaintiff by infringing trade mark as well as copyright of the plaintiff. The
defendants are trying to pass off the goods as that of the plaintiff. The Court
has issued injunction on the basis of both infringement and passing off
copyright. [Castrol Ltd. and Others v. Mukesh Kumar and Another, 2002
(24) PTC 316 (Del.)].

(23) Plaintiff is a company and using peculiar features of the packing
material for their product “NIL VERT” with the artistic work or colour
scheme, get, layout or arrangement of distinctive features including the style
of the letters or alphabets confer the copyright upon the owner and entitle
him to be protected to prevent the adoption. The defendants are
permanently injunctioned from manufacturing, offering for sale or advertising in
India or directly or indirectly dealing in Tetramisole Soluble Power as well as
dealing in veterinary preparations in the colour scheme, get up and lay out
of the carton/container/packing material which is substantial reproduction of
the plaintiff’s NILVERM packing material. [Glaxo India Limited v.
AkayPharma (P) Ltd., 2002 (24) PTC 577 (Del.)].

(24) The High Court of Delhi has held that copyright subsists only in an
original literary work. But it is not necessary that the work should be the
expression of the original or inventive thought, for Copyright Act is not
concerned with the originality of ideas, but with the expression of thought,
and in the case of a literary work, with the expression of thought in print or
writing. Originality for the purpose of copyright law related to the expression
of thought, but such expression need not be original or novel. The essential requirement is that the work must not be copied form another work but must originate from the author. The plaint if read as a whole does disclose against the defendant which as per the averments made in the plaint does not allege that it was the defendant who was infringing the plaintiff’s copyright and trade mark and that there was passing off. Consequently, the impugned order in so far as it ordered rejection of the plaint, is liable to be set aside. [Camlia Private Limited v. National Pencil Industries, 2002 (24) PTC 349 at 353 (Del.)].

(25) The plaintiff, Vajay Grover is engaged in the business of manufacture and sale of Ayurvedic and patent medicines adopting the mark ‘DESTROL’. It is alleged that the defendants have commenced the manufacture and sale of a similar medical preparation under a deceptively similar mark ‘DESTRO’.

The comparison of the two labels shows that the defendants have reproduced a label of the plaintiff as far as colour combination, label, get up and features appearing on the product, packaging of the plaintiff is concerned. It clearly amounts to infringement of the trade mark of the plaintiff including copyright registration. As is apparent the trade mark ‘DESTROL’ and ‘DESTRO’ are pronounced as similar and, therefore, mark DESTRO connotes deceptive similarity with DESTRO. The trade mark DESTRO is confusing as to its source so far as the unwary customers are
concerned. It also amounts to pass off. Hence the High Court of Delhi has held that the defendant has not only committed infringement of the copyright but also of statutory right of the plaintiff with regard to the trade mark DESTROL so far as label is concerned but is also guilty of passing off. *Vijay Grover v. Biocure Laboratories*, 2002 (24) PTC 438 (Del.).

(26) The plaintiff, *Surya Roshni Ltd.*, calimed the ownership of doublecoloured bands on pipes. The defendant argues that there could not be infringement as colours are clearly functional, related to case of I.S.I. specifications and colour is related to quality and hence no monopoly. The High Court of Delhi has held that the use of particular colour which is functional whether in single or double band, is not going to cause confusion and no purchaser is going to get confused by use of colours as these are to be used by every manufacturer. Hence, the Court vacated the *ex parte* injunction and allowed the defendant’s application. [*Surya Roshni Ltd. v. Metalman Industries Ltd.*, 2001 PTC 777 (Del.)].

(27) The main grievance of the plaintiff is that the defendant by fraudulent means and in a deceptive manner has adopted the artistic work EENADU on his agarbathi carton. The Court has held that when it is proved by the plaintiff that the defendant acts fraudulently with the knowledge that he is violating the plaintiff’s rights, i.e. passing of his goods fraudulently and deceptively with that of the goods of the plaintiff, then in the interest of the general public, which is the third party, the plaintiff is entitled for injunction,
despite there being inordinate delay or laches on his part. [Ushodaya Enterprises Ltd. v. T.V. Venugopal and Anr., 2001 (4) ALD 723 (DB) = 2001 PTC 727 (AP)].

(28) The plaintiff is the owner of the artistic work on the carton of its products ‘SUPER VASMON-33’. The defendants in their product hair dye SUPER-99 Black and nice has copied this artistic work of the plaintiff inasmuch as it contains same colour scheme, get up, look up and arrangement as SUPER VASMON-EE, by placing the picture of a man and woman on the same side of the carton as that of the plaintiff’s product. The defendants have also copied the entire descriptive matter on the carton. The High Court of Delhi has granted permanent injunction for infringement of copyright as the action of the defendant causes confusion and deception in the minds of the consumers. [Hygienic Research Institute v. ShobhanLal Jain and Others, 2001 PTC 855 (Del.)].

(29) The Supreme Court of India has held that if the owner’s consent is not a pre-requisite for recording of audio cassettes and releasing them, there is no violation of any copyright and whether the case attracts or not Section 52(1)(j) of the Copyright Act, 1957 cannot be gone into unless there are pleadings on issue based on that section, in order to claim temporary injunction. [Gramophone Co. of India Ltd. v. Mars Recording Pvt. Ltd. &Anr., 2001 PTC 681 (SC)].
(30) The Supreme Court of India has held that where the T.V. serial is not produced by respondents as agents of appellants for valuable consideration at the instance of the appellants, the appellants’ claim under Section 17 of the Copyright Act, 1957 is liable to be dismissed. [Vicco Laboratories and Anr. V. Art Commercial Advertising Pvt. Ltd. &Ors., 2001 PTC 687 (SC)].

(31) The Copyright Board at Panaji (Goa) has held that where the similarities between the artistic works of the parties are fundamental and substantial in material aspects, it would amount to copyright violation and the defendant’s copyright is liable to be expunged from the register of copyright. [Hindustan Pencils Ltd. v. Alpna Cottage Industries & Others, 2001 PTC 504 (CB) (Goa)].

(32) The plaintiff, the Prentice Hall India Pvt. Ltd., is a Company incorporated in India as a joint venture with the defendant, the Prentice Hall Inc., which is a company incorporated in the USA and engaged in the business of publication. The plaintiff filed a suit for declaration of title permanent injunction restraining infringement of copyright, breach of contract rendition of accounts, delivery up etc., basing on an Agreement between the plaintiff and the defendant. Copyright not only permits assignment of copyright in the works in present time but in future works also. The agreement is not violative of public policy. Specific agreements are entered into by the parties all these years in respect of each book. The Court
has held that the title of the defendant is not in dispute and on the other hand copyright of the plaintiff in such publications is in dispute, the grant of *ad interim* injunction in favour of the plaintiff at this stage would mean decreeing the suit itself and the interest of the plaintiff can be adequately safeguarded by imposing certain conditions and hence, the plaintiff is not entitled to injunction. [*Prentice Hall India Pvt. Ltd. v. Prentice Hall Inc. & Others, 2002 (25) PTC 522 (Del.)*].

(33) The plaintiffs filed a suit against the defendants alleging infringement of copyright and have sought for a decree of permanent injunction. The plaintiff is in the business of installation of Optical Ground Wire and alleged that the defendant copied drawings and knowledge in the manual, which are identical to those used in the manual of the plaintiff. Quality and substantiality are the two touchstones on the basis of which such allegations are to be tested. The Court has found some similarity at some places of one or two reproduction of the works of the plaintiffs. Therefore, no injunction, as sought for, is granted in the present case as plaintiffs have not been able to make out a strong *prima facie* case for grant of an injunction. [*FE Engineering & Consultancy Pvt. Ltd. & Another v. L.G. Cable ltd. & Another, 2002 (25) PTC 577 (De.)*].

(34) The plaintiff Company is a very old, well-known and a reputed company engaged in the manufacture and marketing of pressure cookers and parts thereof under its reputed trade mark ‘Hawkins’ and the label of the
plaintiff has been registered under Copyright Act. Defendants are using the get up of label in relation to their pressure cookers which is deceptively similar to the label of the plaintiff. Injunction has been granted as the defendants have deliberately adopted the colour scheme, get up and layout and arrangement of the label of the plaintiff company to get illegal profits by the infringement and as the owner of the copyright is to be protected in terms of Section 55 of the Copyright Act, 1957. *[Hawkins Appliances Co. v. Magi Cook Appliances Co., 2002 (25) PTC 713 (Del.)].*

(35) The appellant is a publisher of a well-known journal known as Supreme Court Cases in which they publish the judgments of the Supreme Court. Respondents launched a software package entitled “The Laws” and “Jurix”. The appellant alleged that the judgments of the Supreme Court, which have been published by the appellant in its Journal are copied by the respondents herein while preparing their CD-ROMs.

The High Court of Delhi has held that copyright can be claimed only in derivative work. A derivative work consists of a contribution of original material to a pre-existing work so as to recast, transform or adapt the pre-existing work. Derivative work includes a new version of a work in the public domain and abridgment adaptation, arrangement, dramatization or translation. Copyright can be claimed on Headnotes and shortnotes and copyright cannot be claimed in the full text of judgment. The High Court of Delhi granted injunction to the extent of head-notes, editorial notes only.
(36) The plaintiff filed the suit to restrain the defendant by a perpetual order of injunction from using the impugned label “Utkarsh” and/or any other label containing the artistic work, design, layout, colour scheme, schematic arrangements and get-up which is alleged to be an imitation and/or colourable imitation of the artistic work, design, layout, colour scheme, schematic arrangements and get-up contained in the plaintiff’s label so as to infringe the plaintiff’s copyright contained in the label “Utsav” registered under the Copyright Act. The High Court of Judicature at Bombay has granted injunction as substantial and material part of the defendant’s work has been the creation resulting from piracy of the plaintiff’s work.

[Asian Paints (I) Ltd. v. Jaikisan Paints & Allied Products, 2002 (25) PTC 735 (Bom.)]

(37) S.F. Patel & Sons (India) Pvt. Ltd. v. Asik Perfumery Works &Anr., 2004 (28) PTC 113 (CB)

The Applicant is engaged in manufacturing and exporting perfumes etc. with its mark “AHSAN’. Applicants came to know that respondent copied its entire logo and label and had obtained registration under the Copyright Act. The plaintiff applied for rectification of registration under Section 45 of the Copyright Act, 1957.
The Copyright Board has held that the respondent is incorrect by stating in its application for registration that it was owner of the copyright in the artistic work and did not disclose to the Registrar that the applicant was first user. It has been held that the registration of a copyright of a literary or artistic work is not compulsory. Copyright comes into existence along with the work. Section 45 of the Copyright Act permits a copyright author of any work to apply for registration of copyright. The registration is *prima facie* evidence of acceptance of copyright registration does not create any new rights or does not enlarge the already existing copyright. The applicant has been able to prove the prior user and has also been able to establish that the respondent had copied that artistic work of the applicant. Under these circumstances, the Registrar is directed to expunge registration from the register of copyrights because it was wrongly made and remains on the register.

(38) *N.G. Subbarya Shettry v. T.V. Venugopal*, [2004 (28) PTC 318 (CB)]

The Respondents are manufacturers and sellers of Agarbatties, Dhoops and incense sticks and use the trade mark ‘EENADU’ which was registered and was published in Trademarks Journal on 1-10-1988 and the trademark was renewed from time to time.

The plaintiff submitted that the Respondent had suppressed the material facts and obtained certification of registration of copyright or artistic work containing the word ‘EENADU’ by false representation. The plaintiff pleaded
for the rectification of register of copyright under Sections 45 and 50. It has been held by the Copyright Board, Bangalore that a perusal of the artistic work which comprises of a cartoon of incense sticks used by the Petitioner M/s. SubbarayaShetty& Sons and the one used by the Respondent T.V. Venugopal are completely different except for the spelling of the word ‘EENADU’. The colour scheme, the design and the composition is such one cannot be held to be identical to or a copy of the other; Hence, the Board concludes that the artistic work, the label used by the petitioner is not identical to that of the respondent. It has also held that the Copyright Board has not to decide whether the word “EENADU” is property of particular individual or not which was a matter under consideration before the Supreme Court. It has further held that the certificate of registration was properly granted.

(39) Fenner (India) Ltd. v. Farms and Farms (I) Ltd., [2004 (28) PTC 358 (Del.])

This is a suit brought by the plaintiff seeking decree for perpetual injunction against the defendants for infringement of their trademark, copyright and also seeking decree for passing off and rendition of accounts. The plaintiff company is the registered user in India of trade mark ‘FENNER’ registered abroad. The plaintiff manufactures oil seals and sealing rings, rings of rubber, synthetic or plastic, for sealing purposes, transmission belts, other automobile components, etc. under the said trademark along with logo
'F & F’ inverted in square. The defendants are marketing farm lands and private orchards with the mark ‘F&F’ inverted in square. The defendants failed to file written statement. The Court proceeded ex parte. The Court has held that the adoption of said logo by defendants may cause confusion in the minds of purchasing public that their goods are those of the plaintiff and granted injunction.

(40) The case of Kangaro Industries, Ludhiana, [2004 (29) PTC 261 (CR)]

The applicant sought for registration for being an artistic work title ‘KONGARO’ featuring the image of a Kangaro in a leaping of jumping posture in the background of a globe. Family members of parties and objectors claim that they have become exclusive proprietors of the trade mark ‘KANGARO’.

The Copyright Registry, Delhi has held that in copyright law that there is no copyright on ideas. Copyright Act protects only expressions of the ideas. If the arguments of the objectors are accepted, this will amount to protecting an idea, which is not in the purview of Copyright Act. If a copyright has to be refused, it has to be established that the work produced is not an original work. Conversely the objectors has to prove that the work is not original, is a slavish copy and, hence is not entitled for copyright. No such evidence was placed. It is not the case of objectors that the instant work is a copy of any other work. As an original work, it is entitled for copyright.
(40) *Chatrapathy Shanmugham v. S. Rangarajan*, [2004 (29) PTC 702 (Mad.)]

The plaintiff claimed that the defendant has violated the copyright of his play “Naai Vaal” by reproducing the story and script in a cinematography film titled “Ore Oru Gramathile”. The right claimed by the plaintiff would fall under Section 14(a)(i) of the Copyright Act, 1957 i.e. “to reproduce the work in any material form”. For this the plaintiff has to establish that there is reproduction of his work in material form. But, that is not the case of the plaintiff. What all the plaintiff would say is that there are certain similarities in the theme and also certain portion of the dialogue. Further, the plaintiff had not registered copyright in the Office of the Registrar of Copyrights as required under Section 44 of the Copyright Act, 1957. Excepting stating that the drama was staged once in 1984 there was no publication of the drama nor it is shown that defendants writer of the film had seen the drama. There is no material establishing the defendant had occasion to know script of plaintiff’s play or even the theme of the play. Though plaintiff had knowledge about the story of the film in 1087, he had not taken any action till filing the suit in 1992. The question of infringement arises only when there is substantial reproduction of plaintiff’s work in defendant’s film. There cannot be a copyright in respect of the theme and the plaintiff cannot claim that the theme is violated, copied and followed by the defendants in the film produced by them.
When the theme is same but is presented differently so that subsequent work becomes a completely new work, no question of violation of copyright arises. As the defendants are not claiming any right over the play ‘Naai Vaal’, a declaration in favour of plaintiff that he is absolute owner of the play can be granted. The Court has held that the plaintiff is not entitled to have a copyright in respect of the theme and an injunction restraining defendants from exploiting the film cannot be granted.

(41) *TrilokiNath Gupta v. Durga Prasad Gupta*, [2004 (29) PTC 759 (CB)]

ShriTrilokinath Gupta, late father of parties engaged in business of manufacturing and marketing of ayurvedic Hair Oil under trademark ‘Rogan Kalyan Tel’. He executed a family settlement, in his lifetime during partition, gave the right to manufacture and sell the oil along with labels and packing used in connection therewith the right to print and make use of the trademark to the plaintiff. The defendant obtaining registration of copyright of the carton ‘Rogan Kalyan Tel’ in his name after registering it as an artistic work. The application was not accompanied by a Certificate from Registrar of Trademarks that no trademark identical with or deceptively similar to such artistic work which is mandatory under the proviso to Section 45 of the Copyright Act, 1957.

Notice to every person who claims to have any interest in the subject-matter of copyright is also mandatory under Rule 16(3), but no such notice was served on the applicant (plaintiff), brother of the copyright holder. It
has been held that the registration obtained by suppression of material facts, liable to be expunged.

(43) Abdul Rashid v. M.R. Bidi Factory &Anr., [2005 (30) PTC (CB)]

This is an application under Section 50 of the Copyright Act, 1957 for rectification of the register of copyrights. The applicant is the owner and proprietor of artistic work “No. 206 Super Shiv Bidi’. The respondent obtained registration of “No. 203 Special Shiv Bidi” under Copyright Act. It is found on examination, there are lots of dissimilarities between the two artistic works. The numbers are different. The lettering is different. The photographs given in the circle are different. The names of manufacturers and their addresses are different. All that can be said is that one of them might have conceived the idea of using a photograph in the label. The idea might have appealed to the other party who has copied it. Similarly, one party has used a number. (in this case either 206 or 203) and the other party may have regarded it as a novelty and tried to imitate. Thus, it appears that both may be regarded as original thought based on similar idea.

There is no copyright in ideas. Copyright Act is not concerned with the originality of ideas but with the expression of thought. The originality which is required relates to the expression of thought. The Law of Copyright gives protection to the way the ideas are expressed. The ideas are not given protection. Thus, the artists who created the two artistic works, namely No.
203 and No. 206, may have been driven by similar ideas but then they applied their originality, skill, knowledge and labour and the result of the efforts was an artistic work which is independent of each other and not a copy of the other.

The applicant has not been able to place any evidence before the Board which may lead to the conclusion that the entries were wrongly made. Hence, it is held that there is no reason to hold that the entry was wrongly made.

(44) *Microsoft Corporation v. Yogesh Papat & Anr.*, [2005 (30) PTC 245 (Del.)]

The plaintiff claimed the piracy of software by the defendants by infringing the plaintiff’s copyright by making illicit copies of the operating systems software by openly copying whatever operating system is currently salable under Sections 51 & 52 of the Copyright Act, 1957.

Defendants are in the business of sale of computers. One can safely presume that they had knowledge that the products being sold were infringing copies.

Plaintiff is a world renowned computer software company. It is held that the plaintiff would be entitled to the wide ranging injunctions to restrain any
further infringement of its intellectual property rights in any of its software at the hands of the defendants. Further, it is held that the plaintiff would also be entitled to an order for the delivery-up forthright by the defendants and the plaintiff would also be entitled to damages.”

(45) *Adidas – Salomon AG &Ors. V. Jagdish Gover*, [2005 (30) PTC 308 (Del)]

The plaintiff is using the trademark ‘adidas’ since 1949 for the production and sale of shoes, track suits, T-shirts, shorts, polo shirts, socks, caps, wrist bands, sun glasses, bags and various other accessories and equipment used in sports. This trademark acquired international trade reputation and goodwill and the goods manufactured and sold under this trademark are distinctive and associated with plaintiff’s for the last so many years. The ‘adidas’ logo and trefoil device having three thick lines, which create an imaginary triangle, are being used for the last over fifty years by the plaintiffs to distinguish the plaintiff’s products which have enormous sales all over the world.

The plaintiffs allege that the defendant trading as Anupam at Ashok Gali, Gandhi Nagar, Delhi has unauthorisedly started manufacturing and selling his products under the plaintiffs’ trademark ‘adidas’ and has also started
using ‘adidas’ logo and trefoil device in violation of the plaintiffs’ trademark and copyrights therein. Defendant has not defended the suit and the Court proceeded ex parte and decree of permanent injunction as well as damages are granted against defendant.


The plaintiff is using the work ‘Captain’ for his soaps in wrapper with inscription of the words ‘Superfine’ and ‘machine made’. Respondent has brought on the record wrapper of the soap Ex.PC. The original registration of the copyright was exhibited as Ex. PD. The infringing wrapper of the defendant-firm was produced as Ex. PE. A comparison of the two clearly shows that there is hardly any distinction between the wrapper of the plaintiff and the wrapper used by the defendant.

The difference is that the plaintiff used the word ‘Captain’ and the defendant used the word ‘Captan’ in Devanagari script. The Court has held that there is infringement of copyright under Sections 51 and 55 of the Copyright Act and held that the suit of plaintiff in lower Court has been rightly decreed.