

## INTRODUCTION

This newsletter brings to you the key intellectual property related updates in India from the third quarter of this year.

The amendment to the *Intellectual Property Rights (Imported Goods) Enforcement, Rules, 2007* revoked the power of the customs authorities to seize imported products, which were in violation of the right holder's patent.

There were some interesting judgments that illustrated various facets of trademark and copyright protection in India. In particular, the High Court of Delhi held that the red sole feature of *Christian Louboutin's* shoes had acquired sufficient *distinctiveness* to be considered in itself as a valid trademark.

In another significant ruling, the Supreme Court of India re-stated that proving the *intention* to defraud on the part of the defendant is not necessary in cases of *misrepresentation in an action for passing off*. In yet another interesting case, the High Court of Calcutta reaffirmed the principles concerning the *infringement and passing off of a trade dress*.

The High Court of Madras also clarified principles relating to copyright in relation to *cinematographic films*. In one case, the court held that the term of protection granted to the first-owner of a copyright *couldn't* be reduced by way of an agreement to the contrary.

Also, in an interesting turn of events, the High Court of Madras went against previous judicial precedents and granted copyright protection over a movie title.

The above-mentioned amendment and cases are elaborated here below.

### **Intellectual Property Rights (Imported Goods) Enforcement Amendment Rules, 2018 Notified**

The Ministry of Finance (Department of Revenue) recently notified<sup>1</sup> the Intellectual Property Rights (Imported Goods) Enforcement Amendment Rules, 2018 (the “**IPR Amendment Rules**”) to amend the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 (the “**IPR Rules**”).

The IPR Amendment Rules have revoked the powers of the customs authorities to seize imported products based on a complaint of patent infringement. The IPR Amendment Rules have brought about two primary changes; *firstly*, all references of *patent and the Patent Act, 1970* have been omitted; and *secondly*, two conditions relating to the registration of intellectual property with the customs authorities have been introduced, which are as follows:

- (a) that the right holder (or an authorised representative) shall inform the Commissioner of Customs at the time of giving notice about any amendment, cancellation, suspension, or revocation of a copyright, trademark, design and geographical indications (collectively “**Intellectual Property Rights**”) by the authorities under respective intellectual property law in India (“**Intellectual Property Law**”) or any court of law or the Intellectual Property Appellate Board; and
- (b) in the event of any amendment, cancellation, suspension or revocation of any Intellectual Property Right by the authorities under any Intellectual Property Law (or by any court of law or the Intellectual Property Appellate Board), the Commissioner of Customs may accordingly amend, suspend or cancel the notice and the corresponding protection.

#### **Changes from the previous framework**

Previously, the IPR Rules provided a mechanism whereby a right holder could register its intellectual property with the customs authorities through an online portal and upon successful registration, the customs authorities were required to ensure that no cross-border trade of goods infringing such intellectual property were allowed. Also, under the IPR Rules, intellectual property was defined to include patents as covered under the Patents Act, 1970.

Under the old regime, it was noted that the customs authorities generally lacked the technical know-how when it came to identifying potential patent infringement.

Under the new regime, the requirement to register patents with the custom authorities has ceased and as such, the custom authorities will no longer seize goods violating a right holder’s patent, *unless* they receive orders to the effect from the courts or the Intellectual Property Appellate Board.

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<sup>1</sup> Notification No. 56/2018 – Customs, dated 22 June 2018

### Christian Louboutin SAS v. Ashish Bansal and Another

The High Court of Delhi (the “**Court**”) recently held that the red-lacquered soles featured on Christian Louboutin’s (the “**Plaintiff’s**”) high-end stiletto footwear, has acquired *distinctiveness* as a *trademark*.

#### Background

The present trademark infringement and passing off suit was initiated by the Plaintiff, a famous footwear brand based in France, seeking a permanent injunction from the court to restrain Ashish Bansal and another (referred collectively as “**Bansal**”) from selling counterfeit shoes bearing red-lacquered soles, which is a registered trademark of the Plaintiff (and referred to as the “**Red Sole**”).

The Plaintiff claimed to be well known globally for its shoes with its iconic red outsoles, coloured in a specific tone of red. They also claimed that the Red Sole had, over time, become *distinctive* to them and had been recognized by many trademark offices around the globe.

Bansal was involved in the business of selling women’s shoes and was selling counterfeit shoes bearing the Red Sole. In the suit, the Plaintiff submitted evidence to establish that the Red Sole had acquired *distinctiveness* and that Bansal had infringed its trademarks. The Plaintiff also submitted that due to the sale of the spurious shoes, the Plaintiff’s brand image was being tarnished. Based on this and the alleged *willful* and *intentional* infringement by Bansal, the Plaintiff also sought damages.

#### Findings

The court accepted the Plaintiff’s claim that the Red Sole had acquired *distinctiveness* and held that Bansal was infringing the trademark rights of the Plaintiff. Hence, the court granted a permanent injunction against Bansal and also granted punitive damages to the tune of INR 2,000,000 million (approximately USD 27,142).

Contrasting with this judgment, it is interesting to note that in the case of *Christian Louboutin SAS v. Abubaker*<sup>2</sup>, the same court had held that a single colour *couldn’t* be granted trademark status under the provisions of the Trade Marks Act, 1999. On the other hand, in the present case, the Court accepted the contention that the Plaintiff’s Red Sole, as a trademark, had acquired *distinctiveness* and therefore, granted a permanent injunction against Bansal for infringement of its trademark.

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<sup>2</sup> CS (COMM) No. 890/2018

## Wockhardt Ltd. vs Torrent Pharmaceuticals Ltd. & Anr

*In the matter of Wockhardt Ltd. vs Torrent Pharmaceuticals Ltd., the Supreme Court of India (the “Supreme Court”) once again confirmed that an intention of fraud or mens rea on the defendant’s part is not required to establish misrepresentation in an action for passing off under the Trade Marks Act, 1999 (the “Act”).*

### Background

*In January 2017, Torrent Pharmaceuticals Ltd. (the “Plaintiff”) instituted a suit for passing off and infringement of its registered trademarks CHYMORAL & CHYMORAL FORTE against Wockhardt Ltd. (“Wockhardt”), for using a similar mark CHYMTRAL FORTE, before the High Court of Bombay (the “High Court”).*

*It was the contention of the Plaintiff that it was the prior user of the trademark, and that all three components of passing off were satisfied by Wockhardt’s use of its conflicting mark. At first instance, a single judge of the High Court found that no case of misrepresentation or damage to reputation was made out by the Plaintiff, and concluded that there was no fraud or deceit on the part of Wockhardt.*

*In appeal, a division bench of the High Court (the “Division Bench”) overturned the finding of the single judge and observed that the case of misrepresentation could be made out, without the component of fraud or mens rea. The Division Bench also found that the Plaintiff’s brand name was substantially reputed and a likelihood of damage was satisfactorily established, which was sufficient for a passing off action. The Division Bench found in favour of the Plaintiff, passing an injunction against Wockhardt.*

Wockhardt filed an appeal before the Supreme Court seeking to set aside the ruling by the Division Bench.

### Findings

The Supreme Court, after considering prior cases on the point, reaffirmed the established position that a passing off claim does not necessarily require fraud or other nefarious intent to be categorized as misrepresentation. It was noted that the existence of confusion is the relevant factor and not the manner in which confusion arose.

Consequently, the Supreme Court upheld the view taken by the Division Bench.

## Hindustan Unilever Limited vs Gajender Jain &

### Hindustan Unilever Limited vs J.K. Jain

*In these cases, Hindustan Unilever Limited enforced its trade dress rights against several traders who were alleged to be copying the artwork displayed in the packaging of one of its products, by filing different suits for copyright and trademark infringements and passing off before the High Court of Calcutta (the “High Court”).*

#### **Background**

Hindustan Unilever Limited (the “**Plaintiff**”) is the registered proprietor of the trademarks *WHEEL*, *ACTIVE WHEEL*, and the artwork in the packaging consisting of a combination of colours, the *getup*, style and colour scheme, of the products branded *WHEEL* and *ACTIVE WHEEL*.

HUL also claimed copyright over the artwork and *trade dress* rights over the product packaging. It filed suits for copyright and trademark infringement and *passing off* against Gajender Jain and J.K. Jain (the “**Defendants**”), who were using different trademarks and names such as *MICRO EZY WASH*, *MICRO WASH*, *MICRO POWER WASH* and *AXXON*, but almost identical artwork for their product packaging.

HUL alleged that the Defendants were infringing their copyright, trademark rights and *trade dress* rights under the Copyright Act, 1957 and the Trade Marks Act, 1999, and were also *passing off* their products as HUL’s by manufacturing and trading in detergent powders and soaps in packets *imitating* the trade design, graphics and colour scheme of the copyrighted label of the Plaintiff’s brand *ACTIVE WHEEL*.

#### **Findings**

The High Court held that the products of the Defendants were *deceptively similar* to those of the Plaintiff and granted *ex parte ad interim* injunctions against the use of the infringing labels. However, the Defendants were free to use their different trademarks *MICRO EZY WASH*, *MICRO WASH*, *MICRO POWER WASH* and *AXXON* in the packaging of their detergent powders, such that it is not similar to the infringing packaging.

## Kajal Agarwal vs The Managing Director, M/s. V.V.D. & Sons Pvt. Ltd

The High Court of Madras (the “**High Court**”) confirmed that the statutory right conferred on the first owner of a copyright to exploit the entire film for a period of 60 years under the Copyright Act, 1957 (the “**Act**”) could not be taken away by restricting the time period to a shorter duration by way of an agreement.

### **Background**

The dispute concerned ownership over a cinematographic work. A popular actress, Kajal Agarwal entered into an advertising agreement with V.V.D. & Sons Pvt. Ltd. (“**VVD**”) in 2008. The parties limited the term of copyright protection over the advertisement to a period of one year in the agreement.

Upon VVD’s failure to honour the term of one year of copyright under the agreement, Kajal Agarwal first issued a legal notice to it and then filed a suit for compensation and a permanent injunction to restrain VVD from using the advertisement materials.

VVD claimed that it was eligible to hold the copyright in the cinematographic work for a period of 60 years from the date of creation of the work under the Act. It also contended that Kajal Agarwal *couldn’t* prevent it from commercializing the copyright, as she had already received remuneration for her performance.

A single judge of the High Court concluded that Kajal Agarwal had no *prima facie* case to seek injunction against the use of ad films and dismissed the suit.

Kajal Agarwal filed an appeal before a division bench of the High Court to set aside the ruling.

### **Findings**

On appeal, the High Court held that VVD was the producer, author and first owner of the cinematograph film and cannot be restrained from using or commercializing the copyrighted work by an agreement to the contrary. The *exclusive* right to communicate the cinematographic film to the public subsisted with VVD for a period of 60 years from the date of creation of the work, under Section 26 of the Act.

Consequently, the division bench of the High Court upheld the view taken by the single judge.

## Claim of copyright over film title upheld

*In the matter of Sathya Movies vs. Suresh Production Entertainment Private Limited (“Suresh Production”), the High Court of Madras (the “High Court”) upheld the claim of Sathya Movies that it was entitled to protect its film title Naan Aanaiitaal under the Copyright Act, 1957 (the “Act”).*

### Background

*The dispute concerned the ownership over the title of the film Naan Aanaiitaal, produced by Sathya Movies in 1966. In 2017, Suresh Production released its film with the title Naan Aanaiitaal without the consent of Sathya Movies, for which Sathya Movies took objection.*

*Sathya Movies first sent a legal notice and due to the lack of response to it, filed a suit of infringement of copyright over the film title under the Copyright Act, 1957. Sathya Movies sought a declaration that Suresh Production’s act of taking the title for their film, Naan Aanaiitaal, for which Sathya Movies was the absolute owner of the copyright, was a violation and infringement of its copyright under the Act.*

*Suresh Production did not file its response to the interim application of Sathya Movies or any written statement in the suit. Sathya Movies adduced relevant documents to establish its exclusive rights over the suit film.*

### Findings

*Due to non-representation by Suresh Production, the High Court passed an ex-parte order for a permanent injunction, restraining Suresh Production from using the title Naan Aanaiitaal. The High Court also took the view that Sathya Movies had proved the suit claim, and therefore, was entitled to the relief it sought.*

*This decision goes against the fundamental principle that there cannot be any copyright over a film title or over a title of any copyrighted work. Technically, this decision is also in contravention of the High Court’s decision earlier this year in M/s. Lyca Productions vs. J. Manimaran and Ors., which concurred with the established principle that there can be no claim of copyright over a title of a film or of a literary work.*

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**Date:** October 17, 2018

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