

INTRODUCTION

This newsletter brings to you the key intellectual property related updates in India from the second quarter of 2019. This quarter witnessed a sea of judgements being passed in the area of copyright.

In particular, we cover the copyright infringement dispute between notable music/recording companies and Indian film composer, singer and songwriter from the Tamil film industry, Mr. Ilayaraja. The judgement delivered by the Madras High Court is significant as it provides clarity on the rights held by the composers in regard to their musical works. In another distinguished decision, the Delhi High Court held that an architect has no moral rights to seek damages for demolition of a building based on his architectural works.

Continuing the trend of injunction orders against websites indulging in online piracy, the Delhi High Court, also issued a first-of-a-kind injunction order in India whereby the injunction holder can use the court order to block infringing redirect/mirror/alphanumeric websites that are subsequently-created containing the same infringing content, instead of filing additional suits in each instance of infringement.

Of particular significance, the Bombay High Court in a dispute between TIPS Industries and Wynk Music held that the grant of statutory license under the Copyright Act, 1957, does not extend to online or digital music streaming and downloading applications.

Finally, a notable judgment involving trademark infringement and passing off came as a relief to the international brand Christian Louboutin. In this, the Division Bench of the Delhi High Court struck down its Single Judge's earlier decision from last year, whereby it was held that Christian Louboutin cannot claim exclusive trademark rights in red colour used in the soles of their shoes.

The above-mentioned notable cases are discussed below.

M/s. AGI Music Sdn Bhd v. Ilaiyaraja¹
And
Ilaiyaraja v. Echo Recording Company Pvt. Ltd. and Ors.²

In this important judgement, the Madras High Court (the “**Court**”) addressed the rights of composers and producers with regard to the copyrights subsisting in the ‘musical works’ and ‘sound recordings’ in films.

Background:

Two copyright infringement suits were clubbed by the Court since the issues as well as facts involved were intertwined, and a common judgment was passed thereby.

The first suit was instituted by a Malaysian music company, AGI Music Sdn. Bhd. (“**AGI Music**”) in 2013. AGI Music’s main contention was that Mr. Ilaiyaraja was seeking to grant rights to a third party, and these rights were inconsistent with the exclusive rights granted to AGI Music under the Sound Recording Licensing Agreement and a Sub-Publishing Agreement (together called “**the AGI Agreements**”) AGI Music had with Mr. Ilaiyaraja’s wife, who was assigned ownership of Mr. Ilaiyaraja’s musical works along with the rights to commercialize the same, but without any specific term in the assignment agreement. AGI Music argued that the rights granted to them were in force for 10 years from the date of the AGI Agreements with Mr. Ilaiyaraja’s wife. On the other hand, Mr. Ilaiyaraja’s main contention was that the AGI Agreements had lapsed since AGI Music were licensed rights pursuant to the copyright assignment agreement with his wife that was effective for a period five (5) years, under the scheme³ of Indian Copyright Act, 1957. He also contented that any license granted in excess of the period of assignment was invalid.

The other suit was filed by Mr. Ilaiyaraja, in 2014, against Echo Recording Company Pvt. Ltd. and 4 others (together “**Echo Recording**”). Mr. Ilaiyaraja’s main contention was that he is the sole and absolute owner of the rights subsisting in his ‘musical work’ and ‘sound recordings’ and Echo Recording had no permission from him to exploit his works. Echo Recording contended that they had obtained licenses/assignments for the ‘sound recordings’ based on the ‘musical works’ of Mr. Ilaiyaraja from various film producers, who, according to Echo Recording, were the owners of such sound recordings.

¹ C.S.No.308 of 2013

² C.S.No.625 of 2014

³ Under Section 19 of Indian Copyright Act, 1957, the term of assignment shall be deemed to be 5 years, if no term has been specified in the assignment document. Similarly, the territory of assignment shall be deemed to be India, if no territory has been specified in assignment document.

Findings of the Court:

The Court noted that the AGI Agreements are valid; but also held that AGI Music has not been able to produce any documentary evidence on record to show that there is any breach of the AGI Agreements, or any other terms thereof, by Mr. Ilayaraja. Hence, the reliefs claimed by AGI Music were refused.

The Court further reiterated that the producers of a cinematograph film own the copyright in respect of the 'sound recordings' used in the film, and an inference otherwise would arise only if the author of the 'musical work' produces evidence of reservation of his right to such 'sound recording'.

Based on this preposition, the Court confirmed that under the various license/assignment agreements, Echo Recording, had obtained rights in regard to the 'sound recordings' comprised in the films and was entitled to exploit the same, specifically and strictly in the form and manner as contained in the respective cinematograph films *only*, and not in any other manner, such as, communication to the public of such 'musical works' through digital platforms. The Court also opined that while Mr. Ilayaraja holds special and moral rights in regard to his 'musical works' under Section 57 of the Copyright Act, 1957⁴, only barring in the form of the 'sound recordings' that are an integral part of the cinematograph films, for which copyright is held by the respective producers of the films.

Raj Rewal vs. Union of India & Ors. ⁵

In this case, the Delhi High Court ("Court") held that an architect of a building have no rights under Section 57 of the Copyright Act, if the building is demolished.

Background:

Rewal, the architect of the Hall of Nations and the Nehru Pavilion, New Delhi, ("**Architectural Works**") came before the Court to seek injunction against and compensation from the Central Government and Indian Trade Promotion Organization (ITPO) claiming that the demolition of his architectural works had derogated his special rights under Section 57 (in the nature of moral rights) of the Copyright Act, 1957, (the "**Copyright Act**") and prayed to be compensated by recreating a work of architecture, which is equally prominent and under his direct supervision.

Findings of the Court:

⁴ Section 57 of the Copyright Act – "Independently of the author's copyright and even after the assignment either wholly or partially of the said copyright, the author of a work shall have the right— (a) to claim authorship of the work; and (b) to restrain or claim damages in respect of any distortion, mutilation, modification or other act in relation to the said work if such distortion, mutilation, modification or other act would be prejudicial to his honour or reputation..."

⁵ CS(COMM) 3/2018, IA No.90/2018 (u/O XXXIX R-1&2 CPC) & IA No.92/2018 (u/s 80(2) CPC)

The Court rejected Rewal's claims under Section 57 and dismissed the suit on the grounds that, in case Rewal is allowed to stop the destruction of the buildings, it would amount to a restriction on ITPO's right to deal freely with their property and the land. The Court also explored the constitutional law angle and held that while Rewal's moral rights in the architectural work was purely statutory in nature under the Copyright Act, the right to property was a constitutional right under Article 300A of the Constitution of India, which would prevail over any statutory rights. The Court further held that an author's moral rights to prevent distortion, mutilation or modification of their work under Section 57 of the Copyright Act does not permit an author to prevent the destruction/demolition of a work in its entirety by the owner.

UTV Software Communication Ltd. and Ors. v. 1337X.TO and Ors.

The Delhi High Court (the “**Court**”) through a landmark judgment has defined the scope of a ‘rogue website’ committing online piracy. By this decision, the Court held that an injunction holder can use a court injunction order for copyright infringement passed against a ‘rogue website’ to block in future redirect/mirror/alphanumeric websites, which are also ‘rogue websites’, infringing the same copyrighted content, instead of filing separate suits in each instance of infringement.

Background:

The Plaintiffs alleged that certain unknown websites (the “**Infringing Websites**”) were hosting, streaming, reproducing, distributing, making available and/or communicating to the public, contents, originally belonging to the Plaintiffs, without their consent. In the suit, along with the Infringing Websites, several others such as Ministry of Electronics and IT, Department of Telecom and ISPs were made defendants for assisting the Court in identification of the Infringing Websites.

Findings of the Court:

The Court while holding that the Infringing Websites were primarily indulged in the acts amounting copyright piracy, explained that “websites that primarily and predominantly share infringing/ pirated content or illegal work” are “Flagrantly Infringing Online Locations (FIOL)” or “rogue websites”; and that a blanket injunction order against such websites are permissible. However, the extent of website blocking should be proportionate and commensurate with the extent and nature of the infringement.

Furthermore, understanding the difficulties faced by copyright owners in separately approaching courts for each and every instance of infringement of the same copyrighted subject, the Court adopted the notion of ‘dynamic injunction’, whereby a website-blocking injunction order could be extended beyond infringing websites specified in the injunction order to apply to all the redirect/mirror/alphanumeric

websites, which are created subsequently, to circumvent the injunction order, in the event that those redirect/mirror/alphanumeric websites merely provide new means of accessing the same infringing content, which is the subject of the main injunction order.

TIPS Industries Ltd. v. Wynk Music Ltd. & Anr.

The Bombay High Court (the “**Court**”) recently ruled that the grant of statutory license under Section 31D of the Copyright Act, 1957, (“**Act**”) does not extend to online or digital music streaming and downloading applications.

Background:

Tips Industries Limited (“**Tips**”) and Wynk Music Limited (“**Wynk**”), which is Airtel’s internet music streaming service, had a license arrangement in 2016 for digital streaming of Tips’ music content at Wynk’s platform. After the expiry of the license agreement in 2017, Tips and Wynk attempted to renegotiate their licensing terms, which negotiations failed. Consequently, Tips requested Wynk to deactivate all of Tips content on the Wynk’s platform. Wynk, however, invoked Section 31D⁶, claiming itself to be an internet broadcasting organization having the right to obtain statutory licenses to communicate copyrighted content to public. For claiming this, Wynk heavily relied on December 2016 Memorandum of the Department of Industrial Policy and Promotion (DIPP) of the Government of India, which memorandum had expanded the scope of Section 31D to include internet broadcasters, alongside radio and television broadcasters within its purview. Tips challenged Wynk’s claims and filed a suit for copyright infringement against Wynk.

Findings of the Court:

The Court held that the Wynk’s platform allowed users to download and store music content, and these services rendered by Wynk amounted to a commercial rental and/or sale of sound recordings, and not just broadcasting or communication to the public. As opined by the Court, such services can only be allowed on permission or license being granted by the copyright holder. Thus, the Court barred Wynk from infringing and commercially exploiting Tips’ copyrighted works without its consent.

The Court also rejected Wynk’s claim to have statutory broadcasting rights under Section 31D holding that Section 31D contemplates a statutory license for only television and radio broadcasting, and not

⁶ Section 31D of the Copyright Act, 1957 was introduced by the Copyright (Amendment) Act of 2012 and has been a controversial subject since inception. It provides for a statutory licensing scheme, under which a ‘radio or a television broadcasting organization’ wishing to ‘communicating to the public’ a literary or musical work or sound recording that is already published, may obtain a statutory license to do so, provided they pay the royalty rates to the copyright owners, at rates prior-fixed by the IP Appellate Board.

internet broadcasting; and that the provision certainly does not permit sale or commercial renting of music on digital music streaming and downloading applications, which is essentially Wynk's business operation. Regarding the DIPP memorandum, the Court was of the view that it was merely an office circular or a guideline, and lacked statutory authority.

Saregama India Limited v. Spotify India Private Limited and Ors.⁷

In another major blow to Spotify's Indian ambitions, the well-known Indian music label Saregama India Limited ("**Saregama**") filed a copyright infringement suit against Spotify before the Delhi High Court to restrain Spotify from using its copyrighted content. Spotify submitted before the Delhi High Court that it did not consider Saregama's petition to be adversarial and said that it will remove all content that belonged to Saregama from its digital platform. This dispute is particularly significant given a similar battle between Spotify and Warner Music in the case of *Warner/Chappell Music Ltd. vs Spotify AB*⁸, which was covered in detail in our April Newsletter⁹.

In addition, the decision of the Bombay High Court in *TIPS Industries Ltd. v. Wynk Music Ltd. & Anr.* (as discussed above) could also have a significant bearing on the case pending between Spotify and Warner Music.

Christian Louboutin SAS v. Abubakar and Ors.¹⁰

Recently in an appeal before the Delhi High Court ("**DHC**"), a division bench over-ruled a single judge's decision dismissing the suit filed for enforcing trademark rights over the 'red colour' in the soles of Christian Louboutin's shoes on the ground that it did not qualify for protection under the Trade Marks Act, 1999.

Background:

In or around 2018, Christian Louboutin SAS ("**Louboutin**") learnt that one Mr. Abubakar and Ors ("**Defendants**") were engaged in counterfeiting by selling shoes that bore Louboutin's well-known and registered trademark "RED SOLE" on ladies shoes. The contention of Louboutin in the suit was that the specific tone of red color applied to the outsole by the Defendants is in fact an infringement of their well-known and registered 'red sole' trademarks.

⁷ CS(COMM)-207/2019

⁸ COMIP (L) NO. 256 OF 2019

⁹ IndusLaw's April IP Newsletter is available at: https://induslaw.com/app/webroot/publications/pdf/alerts-2019/IndusLaw_Infolex_Newsletter_IP_April_2019.pdf

¹⁰ RFA (OS)(COMM) 13/2018 & CM 29064/2018

Findings of the Single Judge:

The Single Judge at the very first hearing dismissed the suit *in limine*, holding that a single colour cannot become a trademark and Louboutin cannot claim rights in one colour as a trademark for exclusive use of Louboutin. The Single Judge was of the view that there would be no deception since the trademark under which Louboutin was selling their goods was "CHRISTIAN LOUBOUTIN", which was completely different from the Defendants' trademark "VERONICA".

The Single Judge rejected Louboutin's argument about the applicability of *Deere & Company v. Mr. Malkit Singh*¹¹ and *Christian Louboutin SAS v. Mr. Pawan Kumar*¹², which held that single colours could be valid trademarks, holding that the said judgments had been incorrectly decided and, therefore not binding in the present matter.

Findings of the Division Bench of the DHC:

While deciding the appeal, the Division Bench set aside the impugned judgment of the Single Judge, holding that the Single Judge erred in dismissing the suit *in limine* because at the very first stage of the suit, it was simply not possible for the Single Judge to come to a conclusion on whether the mark was unique; whether it was validly registered in favour of Louboutin; and whether Louboutin could seek the relief of restraining the Defendants from infringing the said trademark. The Division Bench also held that since Louboutin is the holder of a registered trademark and the current suit is one for infringement. Under Section 31 of the Act, there is a prima facie presumption of validity of a mark that is registered. The suit was restored before the Single Judge for disposal in accordance with law.

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¹¹ CS (COMM) 738 of 2018

¹² CS (COMM) 714 of 2016

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