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INDIA IP UPDATE

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LEGISLATIVE UPDATE

Central Government withdraws the Personal Data Protection Bill 2021

On August 3, 2022, the Government of India ("the Government"), following extensive scrutiny and stakeholder discussion withdrew the Personal Data Protection Bill 2021 ("the 2021 Bill"). The original 2019 version of the 2021 Bill had been introduced in Parliament on December 11, 2019 and referred to a Joint Committee of both Houses of Parliament ("JCP") for examination. The JCP submitted its report along with the 2021 Bill.

While the withdrawal of the 2021 Bill came as a surprise to most, the Government sought to downplay its impact, stating that the draft of a new Bill was ready and would soon be presented for consultations. Since the JCP had submitted 81 recommendations, containing 99 sections with 12 major recommendations in its report, the Government felt that drafting a new Bill would be easier than doing extensive patchwork on the 2021 Bill.

The withdrawn Bill had had its fair share of criticism. The consensus had been that the 2021 Bill (as also its 2019 version) had significantly diluted the enforceability of personal privacy as a fundamental right against state action and was thus liable to a constitutional challenge. In particular, concerns were raised pertaining to mandatory data localization requirements and restrictions on cross-border data transfers that would not only weaken privacy protections but also impede interoperability across borders impacting India's economic opportunities. Indian start-ups felt that the compliance burden on them would be disproportionately high; civil society criticized the overriding powers given to central law enforcement agencies, and the industry at large was uncomfortable with the criminal liability attached to directors of companies for wilful offences.

The new version of the Bill is likely to come out soon. In fact, the Union Minister of Communications has stated that the new draft is ready. The Minister also stated that the consultation process would not take long, since all the key issues have been discussed threadbare. The new Bill may also seek to protect the interests of the start-up ecosystem by carving out regulatory sandboxes and keeping the threshold of significant data fiduciary high enough to protect start-ups. However, the Government is unlikely to dilute core elements of data localization and law enforcement requirements from the 2021 Bill.

Given the rapidly changing technological landscape with the increasing application of artificial intelligence, and the desire to harmonize different sectoral regulations pertaining to, among others, data storage, data localization, and encryption, an overhaul of the Information Technology Act, 2000 ("IT Act") has been long overdue. Bringing out a data protection law without concomitant changes in the IT Act could lead to inconsistencies in the adoption and enforcement of these new norms. Hence, the Government may also amend the IT Act.

CASE LAW UPDATE

Patents

A divisional application must have a basis in the original claims: Delhi High Court

In *Boehringer Ingelheim International GMBH v. The Controller of Patents,* the Delhi High Court ruled that a divisional application with new claims based on disclosures in the specification of the parent application, cannot be allowed.

Boehringer Ingelheim ("Boehringer"), filed the parent application in 2008 with 18 claims. These claims were primarily directed towards the use of the DPP IV inhibitors. Other claims were related to isolation/storage medium, method of enhancing vitality, and method of treatment. In 2014, based on objections received in the First Examination Report ("FER"), Boehringer filed amended claims (Amendment No. 1). The amendments deleted the use and method of treatment claims and retained three claims pertaining to isolation/storage medium and method of enhancing vitality.

Subsequently, Boehringer filed two requests for voluntary claim amendments in 2015 and 2016, (Amendment Nos. 2 and 3, respectively). In Amendment No. 2, Boehringer filed 1-11 claims, increasing the number of claims from three. These claims were directed towards a medicament combination of DPP IV inhibitors and metformin. In Amendment No. 3, Boehringer further increased the number of claims from 11 to 15, referring to another "medicament" combination of DPP IV inhibitors and telmisartan.

The Indian Patent Office ("IPO") after conducting a hearing in 2017, rejected the parent application. Amendment No. 1 was refused due to the lack of novelty and inventive steps. Amendment No. 2 (1-11) and Amendment No. 3 (1-15) were also found to violate Section 59 of the Patents Act, 1970 ("the Act") because they went beyond the scope of the originally filed claims. The Controller of Patents and Design ("the Controller") stated, "*… there is a clear change in the category of claims wherein 'use claims' were amended to 'product claims'* ".

Boehringer filed a divisional application just before the order refusing the application was issued by the IPO. The divisional application was based on the product claims of Amendments Nos. 2 and 3.

In its order of March 2022 IPO had held the divisional application as not maintainable under Section 16(1) of the Act as the claims therein had been previously examined under the parent application and refused.

Aggrieved by the order, Boehringer's counsel filed an appeal before the erstwhile Intellectual Property Appellate Board (IPAB) contending that the claims of the divisional application were adequately disclosed in the original PCT application and thus, the scope of the original specification included both medicaments and products. Accordingly, the divisional application was valid under Section 16 of the Act.

The Court was examining two issues:

- How to ascertain "plurality of invention," i.e., where does the "plurality of invention" lie – in the claims or in the disclosure of the specification? and

- Can a divisional application be filed for claims when such claims were not a part of the claims in the parent application?

The Court stated that to determine the "plurality of invention" it was important to understand where the invention resides. The Court noted the following:

"*The content of the specification describes the invention. The complete specification also describes the procedures, processes, and methods, including the best methods. But what is crucial to note, is the fact that the invention itself is defined in the claims. While such claims have to be based on the disclosure in the specification, however* (sic) *even if a person does not read the complete specification and wishes to identify the invention, the place to look for it is in the 'Claims.' The Invention thus resides in the Claims. Accordingly, "unity of the invention"/ "plurality of inventions" and whether they form a "single inventive concept" has to be gleaned from a reading of the claims.*"

The Court thus opined that the "plurality of inventions" should exist in the claims of the original parent application and the same should be within the scope of the specification. The "plurality of inventions" or "unity of invention" must, therefore, be seen from the *claims of the parent application*. The Court noted that the fundamental rule of patent law i.e., '*what is not claimed is disclaimed*' would be negated if an application was filed solely based on disclosure made in the specification. Further, the Court reiterated that Section 59 of the Act makes it clear that amendments beyond the scope of the specification and claims are not permissible.

The Court held that in the present case the divisional application is not valid as there was no "plurality of inventions" in the parent application. The Court noted that the parent claims did not have any product (medicament). Only use or method claims were present. Thus, once the product claims are not sought in the parent application, despite being disclosed in the specification, the product or the product claims are deemed to have been disclaimed.

The Court accordingly dismissed the appeal with a penalty of INR 50,000 (~ USD 615) on Boehringer for causing extended proceedings by filing two sets of claim amendments and a divisional application.

This is a significant precedent as this could shape the way the IPO is dealing with divisional applications carved out of specifications. Additionally, more care must be taken while amending claims such that the scope of the originally filed claims is not completely altered.

'Known substance' must be identified for applying Section 3(d) objection: Delhi High Court

In *DS Biopharma Limited v. the Controller of Patents and Designs & Anr,* the Delhi High Court ruled that an objection under Section 3(d) of the Act must be applied only after careful evaluation of the prior "known substance". The Controller had rejected DS Biopharma's ("DSB") patent application. The grounds of rejection, among others, were that the invention was barred under Section 3(d) which precludes patentability of the mere discovery of a new form of a 'known substance' that does not enhance the 'known efficacy' of that substance.

In their appeal to the Delhi High Court, DSB submitted that the objection under Section 3(d) was raised only in the hearing notice. Further, the hearing notice failed to identify the "*known substance*". Given this, it was "*unable to respond clearly … severely hampering its right to be given a reasonable opportunity to defend.*" DSB relied on an order of the erstwhile Intellectual Appellate Property Board ("IPAB") in *Fresenius Kabi Oncology Ltd. v Glaxo Group Ltd. & Anr.* which held that to object under Section 3(d), the Controller must specifically evaluate the following:

- What *is the specific 'known' substance in question?*
- How *and why is the claimed molecule(s) or substance(s) a derivative or a new form of a known substance?*
- Basis *to assert that the alleged 'known' substance and the claimed molecule or substance have the same 'known' efficacy?*

DSB argued that in the absence of identification of the 'known' compound, it had no legal obligation to demonstrate the efficacy of its invention.

The counsel for the Controller submitted that the "known substance(s)" were disclosed in the prior art documents. Further, they stated that the compounds claimed in the invention were trivial and minor modifications of these "known substances"; therefore, DSB had not disclosed any efficacy data.

Hearing both sides and relying on the holding in ***Fresenius Kabi,*** the Court ruled that:

- the Controller was required to identify the specific known substance in the hearing notice; and
- clarify how the claimed compounds are 'new forms,' at least in a brief manner.

The Court held that this would have enabled DSB to respond appropriately to Section 3(d) objection including whether the claimed invention had enhanced therapeutic efficacy compared to the known substance. The Court stated that DS Biopharma could not have been left to deduce the known substance and thereafter give efficacy data regarding that known substance.

Setting aside the Controller's order, the Court held that DSB did not have an *adequate opportunity to deal with the objection under Section 3(d) in*:

- *[...]as much as apart from merely specifying the said objection … in the hearing notice, how the said objection was attracted was completely absent*;" and
- *[…] an absence of the proper identification of the known substance in the hearing notice and a lack of proper opportunity being afforded to respond to the objection under Section 3(d)*

The Court allowed DSB to file a reply based on the known substances identified in the impugned order and submit efficacy data to support their arguments following which the Controller must hear the matter afresh.

Delhi High Court finds Novartis' divisional application valid in view of a plurality of inventions

In *Novartis AG v. Controller of Patents and Designs*, the Delhi High Court set aside the order issued by the Controller and remanded the matter to the IPO. The case under appeal was in respect of the divisional application of the appellant, Novartis AG ("Novartis"), covering specific compounds that had been objected to on grounds of lack of unity of invention in the parent application. The Court found that the divisional application indeed covered compounds that were distinct from those granted in the parent claims and hence remanded the matter to the IPO for re-examination.

The parent application of Novartis, a PCT national phase application, had a total of 56 claims, with the main claim defining a Markush structure. The Controller found a plurality of distinct inventions during the examination, particularly for formula 1 described in claim 3 and its dependent claims. The Controller opined that the variations at the various substituents of the Markush formula as covered in the objected claims did not appear to fall within a single inventive concept. Thus, given several possible permutations and combinations of the rings, the actual scope of the invention cannot be ascertained.

In response to this, Novartis restricted the claims of the parent application to only three specific compounds and their compositions. Subsequently, they filed a divisional application with the claims covering the formulation comprising a broad Markush compound. Meanwhile, the IPO granted the parent application in July 2017.

Upon examination, the claims of the divisional application were objected to as being already granted in the parent application. To overcome the objection, Novartis limited the claims of the divisional application to a formulation comprising a single compound that was claimed in claim 54 of the parent application. However, the Controller rejected the divisional application on the ground that the claims of the parent and the divisional applications belong to the same broad compound and are united with a single inventive concept.

Aggrieved by the order, Novartis filed an appeal before the Court arguing that:

- The IPO has taken a contrary stance in the FER of the parent application and refusal order of divisional application vis-à-vis the plurality of invention. While the Controller raised an objection on the ground of plurality of invention in the parent application, regarding the refusal order of the divisional application, the Controller held that the plurality of invention objection in the parent application was wrongly raised. Consequently, he held that the divisional application was not valid and thus liable to be rejected;

- Novartis filed a divisional application only because the Controller had raised a plurality of invention objections;
- In any case, Novartis did not benefit from any extension in the total term of the patent based on divisional application as its term runs in parallel with the parent application; and
- Novartis' counsel placed his reliance upon two judgements of the IPAB, i.e., National Institute of Immunology v. The Asst. Controller of Patents and Procter & Gamble Co. v. Controller of Patents and argued that Novartis should not suffer mainly based on objections of IPO.

The Controller's counsel submitted that:

- the divisional application was not maintainable as the plurality objection was not raised regarding the specific compound of claim 54; and
- the said compound was part of the Markush structure in the parent application which was deleted from there and the claims were restricted to three specific compounds. Thus, a patent cannot be granted for the same compound in the divisional application.

The Court observed that the granted claims of the parent application are directed towards three specific compounds and their compositions and the main core structure i.e., the Markush structure is not part of the granted claims of the parent application. Relying on the judgment in *M/s Boehringer Ingelheim International GMBH v. The Controller of Patents & Anr.* for interpretation of section 16 of the Act, the Court observed that a divisional application under Section 16 of the Act, has to be an application arising from a parent application disclosing a "plurality of inventions. In Section 16(1), the phrase "the claims of the complete specification relate to more than one invention" makes this position clear. Section 16(3) also bars duplication of claims in the parent specification and the divisional application. The Court noted that to determine the "plurality of inventions," guidance can be drawn from Section 10 of the Act which elaborates on the meaning of complete specification and scope of claims."

The Court thus noted that there are two conditions for filing of divisional application:

- The divisional application must be in respect of an invention disclosed in the provisional or complete specification already filed in respect of the first-mentioned application; and
- There cannot be a duplication of claims in the two specifications, i.e., the parent and divisional specifications.

The Court concluded that what is relevant is -

- Whether the compound claimed in the divisional specification is disclosed in the complete specification of the parent and claimed in the complete specification of the parent? and
- Whether the claimed compound in the divisional granted in the parent application?

Regarding the first point, the Court observed that the compound of the divisional application was disclosed in the description of the specification of the parent application. Regarding the second point, the Court observed that the parent application was granted with three specific compounds and their pharmaceutical compositions, not with the Markush structure of the parent application. Therefore, the Court held that the compound or composition of the divisional application is not covered by granted claims of the parent application.

Importantly, regarding the Controller's objection under section 3(d) of the Act, the Court held that the question of therapeutic efficacy would arise only if the application were completely independent. As the divisional application originates from the parent application, there is no need to test therapeutic efficacy while judging the patentability of the compound of the divisional application.

Accordingly, the Court held that the divisional application is valid and deserves to be examined by the law. The Court set aside the order of IPO and remanded it to consider the matter once again under the relevant provisions of the Act.

Trademarks

Local plaintiff successfully sues Amazon over the mark HAPPY BELLY

In what is reminiscent of a David v. Goliath fight, in the case, *Shisham Hinduja v. Cloudtail India Private Limited & Ors,* a local plaintiff, Shisham Hinduja ("Hinduja") won a trademark infringement suit against two entities of the Amazon group. Hinduja, who runs a baking business in Bangalore under the mark "HAPPY BELLY BAKES" claims to have adopted the said mark in 2010. She owns the website www.happybellybakes.com as well since 2009.

In 2017, during Christmas festivities, Hinduja was alerted by inquiries from customers and friends if her products were available on www.amazon.in. Her searches revealed that Cloudtail India Private Limited ("Cloudtail") was indeed selling grocery and gourmet foods under the trademark HAPPY BELLY through www.amazon.in, a platform owned by Amazon Seller Services Pvt Ltd ("ASSPL"). Further, she learned that Amazon Technologies Inc ("ATI") has pending trademark applications for the mark HAPPY BELLY in several classes including classes 29 and 30. In January 2018, Hinduja sued these three entities before the Bangalore City Civil Court for trademark infringement and passing-off, based on her prior statutory and common law rights in the mark HAPPY BELLY BAKES.

The main defense of Cloudtail and ATI was that ATI's adoption of the mark HAPPY BELLY was bona fide. They claimed to have registrations for the same in several foreign countries, where they sell goods under the said brand name and possess corresponding goodwill and reputation under it. In contrast, they argued that Hinduja's business is limited to Bangalore and that she did not possess any goodwill or reputation. They also argued that Hinduja's mark is a device mark that contains the words HAPPY BELLY BAKES; that without a separate registration, she could not claim any rights in the words HAPPY BELLY. Further, they argued that when the pending applications of ATI were cited in Hinduja's trademark applications, she stated that the respective marks and goods were different.

ASSPL's main defense was that it is an online platform and hence an intermediary; and that, as such, it has safe harbour protection under the Information Technology Act, 2000.

Having considered the arguments on both sides, the Court found infringement and passing-off on the part of Cloudtail and ATI and held as follows:

- Hinduja's registered trademarks filed in 2015 with supporting documents indicating user claims since 2010, demonstrate her prior rights in the mark HAPPY BELLY BAKES;
- ATI's mark HAPPY BELLY is deceptively similar to Hinduja's mark HAPPY BELLY BAKES;
- ATI's HAPPY BELLY mark is applied as a device mark and as such the comparison of Hinduja's mark is with a device mark and not a word mark as claimed by ATI and Cloudtail;
- Merely because ATI has registered the mark HAPPY BELLY in foreign jurisdictions cannot be a ground to accept its claim for using the same in India for its business. Besides, ATI's trademark application for the said mark has been objected to by the Indian Trademarks Office on account of the prior rights of Hinduja;
- The fact that ATI has an international market for its goods cannot be relied upon to reject Hinduja's mark. Under the Indian constitution, all are equal before the law. Though ATI got registrations for its mark internationally in 2016, Hinduja's adoption and use in India is prior and goes back to 2010;
- The so-called admission by Hinduja in the prosecution of her pending applications that the marks of ATI cited against them were distinguishable cannot be held against her as the said reply was given in the context of word marks and not device marks; and
- Hinduja has been running her business since 2008 and her mark HAPPY BELLY BAKES was adopted in 2010. Hence, the argument of Cloudtail and ATI that she had no reputation and goodwill merely reflects their arrogance.

As regards ASSPL, the Court held that being an intermediary, it cannot be held responsible for the violation of Hinduja's trademark rights.

Can advertising campaigns be protected as intellectual property?

The issue for consideration before the Delhi High Court in *Bright Lifecare Private Ltd. V. Vini Cosmetics Private Ltd & Ors* was the extent of protection that can be given to advertising campaigns under intellectual property laws.

The plaintiff, Bright Lifecare Private Ltd ("Bright") is in the business of manufacturing and trading health supplements, nutraceuticals, and food products. Bright sued the defendant, Vini Cosmetics Private Ltd ("Vini") for trademark and copyright infringement and passing-off. Vini is in the business of manufacturing pharmaceuticals, ayurvedic and cosmetic products.

Bright started a video advertising campaign in 2018 titled "ZIDDI HOON MAIN" (translated as, "I am persevering") on various online platforms. One of the meanings of the word 'ZIDD' in the Hindi language is persistent, and 'ZIDDI' signifies someone who is persevering. The said video, which Bright claims to have attracted nearly 20 million views on YouTube, depicted the words 'ZIDD' and 'ZIDDI' by using various catchphrases and slogans to describe the quality of persons who do not give up despite various challenges. Bright had roped in celebrities from the Indian film industry to endorse the brand. The commercials show a gym in a dimly lit background with persons working out with a punchbag and a rope; slogans accompany the commercial against a black background in yellow and white letters. The overall theme of the commercial is that those who do bodybuilding in gyms would need extra protein. Bright has also registered several trademarks with ZIDD and ZIDDI.

In January 2022, Bright came across a commercial by Vini using the tagline "ZIDDI PERFUME" for its deodorant under the brand REALMAN, which Bright alleged is visually similar to Bright's commercial. The protagonist in Vini's commercial is also in a gym, working out with a rope and a punchbag, both of which are yellow in colour. The setting is on dark background with some white light and the words 'ZIDDI PERFUME' are written in yellow with a black background.

Bright argued that though Vini's trademark is REALMAN, it used the tagline, 'ZIDDI PERFUME', connoting a connection between the parties. Bright asserted that the entire concept, look and feel of the expression 'ZIDDI', including the colour combination have all been copied by Vini. In defense, Vini argued that:

- None can claim a monopoly over the words ZIDD or ZIDDI;
- While Bright is using the attribute of ZIDDI (perseverance) to denote the protagonist in the commercial, Vini is using it to denote the quality of its products, namely, a long-lasting perfume, despite a heavy workout; and
- Bright is claiming monopoly in an idea in respect of exercising in the gym with a rope and boxing bag. There is no copyright in ideas. Unless the frames or specific images forming part of the video are lifted, there cannot be any copyright infringement in a cinematograph film.

The Court declined to accept the above arguments of Vini and found that the commercial in question, was a colourable imitation of Bright's video. The reasoning of the Court is as follows:

- Bright's commercials have been an enormous success, especially on online platforms;
- The distinctive elements of Bright's 'ZIDDI' commercial are:
    - use of the words 'ZIDD' and 'ZIDDI' to denote the persevering quality of the persons portrayed in the commercial;
    - portrayal of persons working out in a gym with a dark background which highlights their character of perseverance; and
    - the overall use of the colour combination of white and yellow lettering with a dark background.

- The manifestation of an idea into an expression in a commercial is a long process that involves not only 'sweat of the brow' but even more. It requires an understanding of the product, its qualities, features, what is to be highlighted, manner of highlighting the product, capturing of the theme, weaving of a story, adding creative elements, deciding on endorsees, how to capture the story, shooting of the video and other imagery, studio set up and finally connecting the entire campaign to the consumer. Thus, an advertising campaign including commercials is undoubtedly protectable under intellectual property laws;
- While Vini's commercial is not a literal imitation of that of Bright, to determine whether or not there has been infringement it needs to be seen if there is any substantial similarity between the respective works;
- Vini's commercial shows that it has picked up almost identical elements from that of Bright, and the same cannot be ignored. The expression of Vini's commercial is, therefore, a colourable imitation of Bright's advertising commercial;
- Goodwill in an advertising campaign is protectable. An advertising campaign, if it signifies the source and has become distinctive of a plaintiff, can be granted protection. The threshold for establishing distinctiveness would, however, be quite high;
- Bright's campaign chose a unique and creative way to use the ordinary words, 'ZIDD' and 'ZIDDI', to portray the strength of its products. Bright's campaign and connected videos are not merely meant for marketing and promoting the product, but to also denote Bright's business itself. Thus, the advertisement campaign is extremely distinctive of Bright's products and business; and
- There is a considerable chance that an ordinary viewer who may be familiar with Bright's commercials and products may connect it with Vini's product or may presume some sort of affiliation with Bright.

Accordingly, the Court directed Vini to pull down the offending commercials from YouTube and other platforms. The Court noted that Vini is, however, free to modify the offending commercials by removing the objectionable frames and re-launch the same so long as the changes clearly distinguish the same from that of Bright. The Court did not, however, restrain Vini from using the words 'ZIDD' or 'ZIDDI' to signify the long-lasting nature of the deodorant so long as such use is not as a trademark.

Vistara airlines awarded damages against Chinese infringer

TATA Sia Airlines Limited v. Shenzhen Coloursplendour Gift Co. Ltd. and Ors., a case before the Delhi High Court, concerned the unauthorised use of the trademark VISTARA and its logo. These trademarks are owned by Tata Sia Airlines Limited, operating as Vistara Airlines ("Vistara"). The infringer, Shenzhen Coloursplendour Gift Co. Ltd. and Ors ("Shenzhen") is a Chinese company, that did not participate in the suit despite notice.

PLAINTIFF'S TAGS	DEFENDANT'S TAGS
	

Vistara, which commenced operations in 2015, learned about the sale of keychains and baggage tags bearing the VISTARA Marks in an identical aubergine and gold colour combination in 2020. These were being sold on a Chinese e-commerce platform, AliExpress, by Shenzhen. Vistara submitted that in a 2019 decision by the Delhi High Court, VISTARA was declared a well-known mark. It further argued that besides suffering monetary loss, such sales by Shenzhen of baggage tags and keychains could result in a security breach at the airport and on the aircraft.

Noting that Shenzhen's unauthorised use and adoption causes dilution of the distinctive source of the well-known VISTARA trademark, besides reducing its market value and selling power, the Court decreed the suit in favour of Vistara. Additionally, the Court awarded damages and costs to Vistara amounting to a sum of INR 20,00,000 (~USD 25,000).

Are intermediaries exempt from criminal liability upon compliance with the "due diligence" requirement under Information Technology Act, 2000?

This case (*Flipkart Internet Private Limited v. State of NCT of Delhi & Anr*) was a constitutional writ filed before the Delhi High Court ("the Court") by the e-commerce provider Flipkart Internet Private Limited ("Flipkart"). Through the writ, Flipkart sought to quash a criminal complaint against it filed before the police by Mr. Ashish Girdhar ("Girdhar"), the Managing Director of Sanash Impex Private Ltd ("SIPL"). SIPL had been authorised by a Czech company to sell DC DERMACOL, a skin make-up product. Girdhar's complaint before the police was that Flipkart was selling fake DC DERMACOL in connivance with unauthorized re-sellers. The complaint was based on the criminal liability provisions of the Indian trademark and copyright statutes.

Flipkart submitted before the Court that it was an 'intermediary' under the Information Technology Act, 2000 ("the IT Act") which provided a safe harbour to intermediaries from liabilities arising from third-party postings on their platforms. Further, it submitted that based on the Supreme Court's 2015 order in Shreya Singhal v. Union of India ("Shreya Singhal"), unless a court order was served upon them, as an intermediary, it was not obliged to remove any material from the portal. As such, the police complaint was made in bad faith. Also, under the Information Technology (Intermediary Guidelines) Rules, 2011 ("IT Guidelines"), an intermediary is obliged to post a policy indicating that certain kinds of material were impermissible to be posted on its platform. Flipkart submitted that this policy had been declared by it in its user agreement and thus it had met its "due diligence" obligations under the law.

Girdhar argued that Shreya Singhal was not applicable to Flipkart as the ratio of the said case had kept out of its purview issues involving the fundamental right to freedom of trade, among others. Further, a court order was not needed to take down the offending material by Flipkart because under the IT Guidelines, once the "actual information" had been sent to Flipkart, they must take down the offending sites through which fake products were being sold. While Flipkart took down four out of the ten sites about which Girdhar had given the information without any court order, it was illogical to insist on a court for the remaining six sites.

Having heard the parties, the Single Judge quashed the criminal complaint and held as follows:

- That e-market portals like Flipkart are intermediaries and have been recognized so by the courts;
- An intermediary is obliged to observe due diligence and follow the guidelines prescribed by the Government. However, non-compliance with the IT Guidelines has not been declared to be an offence under the IT Act;
- The standard for fixing criminal liability is far higher than that under civil law and requires proof "beyond reasonable doubt" and not just a "balance of probabilities";
- Since the standard of proof to establish criminal liability for negligence is set much higher than that for civil liability, there is no reason why that higher standard should not be available to courts to determine the criminal liability of an intermediary;
- Hence, when the intermediaries have been granted the safe harbour for civil liability, and when a higher standard of culpability is required for a criminal prosecution, such "safe harbour" should be available even in respect of criminal prosecution;
- Thus, unless an active role is disclosed in the commission of the offences complained of, intermediaries such as Flipkart would be entitled to the safe harbour of the IT Act;
- Compliance with the "due diligence" requirement by Flipkart, under the IT Guidelines is evident. Accordingly, the exemption of liability under the IT Act would include exemption from criminal prosecution as well;
- Claims pertaining to trademark or copyright violations are often vigorously contested even before a civil court. Intermediaries cannot assess the validity of such claims of violation since an infringer could file a complaint against a registered owner to prevent the use of that right by the registered owner. If such complaints were

sufficient to take down infringing material, the havoc that could be caused to e-commerce is beyond imagination;

- An intermediary's obligation to take down the offending materials from their platform would arise only on service of a court order, which is absent in the present case; and
- The criminal complaint is filed only against Flipkart and not the entities who are allegedly selling these fake and unauthorised products. Without determining the rights of such entities to sell the products, prima facie, Flipkart has not committed any offence.

Flipkart's offering of 'latching on' facility to sellers: Recent orders of the Delhi High Court

In this new age passing-off case (*Akash Aggarwal v. Flipkart Internet Private Limited & Ors*), a Single Bench of the Delhi High Court injuncted Flipkart from providing a 'latching on' option to sellers when they list themselves on the website of Flipkart Internet Private Limited ("Flipkart").

What this means is that, whenever a seller wishes to place listings on Flipkart in a specific product category, Flipkart, based on the available business intelligence, gives them recommendations of the 'Best Seller' products on its portal. The new seller is also enticed by Flipkart with the caption, "Grow your business by 3x" along with specific data during this process so that the new seller 'latches on' to such popular product listings. Even worse, during this process, the new seller is given the option to add the trademark and product images of the bestselling product to its listings without the permission of the product's owner. The new seller's products, which are already popular under the trademark of the best-seller product, are now listed along with the trademark and images used by the best-seller product. Any consumer who searches for the best-seller product will also get the new seller's product in the search results.

The grievance of the plaintiff, Akash Aggarwal ("Aggarwal") was that Flipkart allowed his trademark V-TRADITION to be latched on by third parties in this manner. This resulted in several unconnected third-party sellers portraying themselves as 'V-TRADITION' and benefitting from the popularity of Aggarwal's products and designs. In the screenshots shown to the Court, one can see how the products of such third-party sellers are brazenly displayed with the trademarks and images of Aggarwal's products. Aggarwal, thus, sought an injunction from the Court against Flipkart restraining trademark and copyright infringement and passing-off, among others.

While injuncting Flipkart, the Court noted as follows:

- A passing-off action, which was traditionally restricted to products having similar trademarks in the real world, now has a new dimension in the context of e-commerce;
- By permitting a third-party seller to 'latch on' in this manner to Aggarwal's trademark and product listings is nothing but `riding piggy-back' as is known in the traditional passing-off sense;
- It also amounts to taking unfair advantage of the goodwill that resides in Aggarwal's trademark and business; and
- In the context of e-commerce, there is no doubt that 'latching on' by unauthorised sellers results in and constitutes passing-off as known in the brick-and-mortar world. It is a mode of encashing upon the painstakingly built reputation of a plaintiff.

On appeal by Flipkart, a Division Bench of the Court has since stayed the findings and has listed the appeal for hearing in November 2022.

Delhi High Court exempts plaintiff from pre-litigation mediation

In *Bolt Technology OU v. Ujoy Technology Private Limited and Ors*, the plaintiff, Bolt Technology OU ("Bolt") claimed to own rights worldwide in the registered trademark 'BOLT' used in relation to ride-hailing, food and grocery delivery, rental of cars, e-bikes and scooters and Electric Vehicle (EV) charging stations. Bolt claims that the defendant Ujoy Technology Private Limited ("Ujoy") is using the identical mark 'BOLT', along with the logo in an identical business, namely, the business of providing charging points for EVs. Apart from identical word marks for BOLT, the parties also had the following logo marks:

Bolt's logo **Ujoy's logo**

In the suit, Bolt filed an application seeking exemption from pre-litigation mediation mandated under Section 12A of the Commercial Courts Act, 2015 (CCA). Section 12A was inserted in CCA by way of an amendment in 2018. The object of the Amending Act of 2018 indicates that only applies to a plaintiff who does not seek urgent interim relief. Objecting to Bolt's application, Ujoy argued that a 2022 judgement of the Supreme Court of India (SC)made pre-litigation mediation mandatory. Hence, no suit could be entertained without having first resorted to pre-litigation mediation under CCA. Bolt resisted this argument by pointing out that the SC in its judgement had stated that compulsory mediation under CCA is mandated only in suits where there is no urgent relief sought. Whereas in this case, Bolt had served Ujoy with a cease-and-desist notice in May 2022 and had also indicated its willingness to resolve the trademark dispute amicably. The said notice was rejected and refuted by Ujoy. Bolt further argued that Ujoy's mobile application can easily be downloaded, thus, necessitating urgent relief restraining them from using the mark 'BOLT' and the accompanying logo.

Noting the arguments of both sides, the Court held that Ujoy's conduct was not in the spirit of any amicable resolution. It further noted that the requirement of Section 12A of the CCA duly stood satisfied since Bolt has sought urgent relief in the suit. Allowing Bolt's application for exemption from mediation, the Court noted as follows:

- Interim relief is extremely important in intellectual property matters (which relate to a wide gamut of businesses) as these do not merely involve the interest of the plaintiff and the defendant, but also involve the interest of the consumers of the products and services in question;
- Recent trends also point towards large-scale misuse of brand names on the internet due to which consumers get duped out of large sums of money;
- The rights of the parties are affected almost daily as there is continuous manufacturing, selling, and offering of services or goods to customers;
- The ambit of urgent interim relief that is sought is extremely varied and depends on the facts of each case. Usually, courts grant such reliefs not only for the protection of statutory and common law rights but also to avoid confusion, deception, unfair and fraudulent practices in the marketplace;
- Bolt claims to be a globally renowned company and its mobile application is available for download in India. It is highly possible that the persons travelling from India, who may have downloaded Bolt's mobile application in India, and using its services internationally; and
- Ujoy is using an identical mark 'BOLT' in an identical colour scheme and has availed customers' mobile application, for downloading, continuously, on Google Play Store and Apple App Store. Consumers and mobile users can download both applications almost on a minute-to-minute basis. Thus, Bolt is entitled to seek urgent interim relief.

Designs

Determination of trade dress infringement is based on overall looks, not design similarities

In *Diageo Brands B.V. & United Spirits Ltd. v. Great Galleon Ventures Limited*, the appellant, Diageo Brands B.V ("Diageo"), manufacturer of premium alcohol brands instituted a suit before the Delhi High Court against a local defendant, Great Galleon Ventures Limited ("Great Galleon") for slavish and fraudulent imitation of their registered design of a 180 ml bottle, popularly known as "Hipster" in India, and "Pocket Scotch" globally. In the same suit, Diageo also alleged dishonest adoption of trade dress and overall get-up of their registered design of bottles ("**Hipsters**") by Great Galleon. Diageo sought a permanent injunction and ancillary relief in the matter. An *ex-parte ad-interim* injunction was granted against Great Galleon in February 2021 which prohibited it from selling the impugned bottles. Great Galleon sought to vacate this injunction.

Diageo's Hipster

Great Galleon's bottle

Diageo argued that the Hipster is modelled on the shape and proportions of a smartphone. Its essential features are its: (a) tall, lean and sleek look, (b) rectangular shape inspired by the shape and proportion of a smartphone; (c) smooth-rounded shoulders and symmetrical edges; (d) protruding V-shaped neck situated at the middle of both shoulders; (e) symmetrically raised and plateau-like front and rear walls; (f)two-toned rimmed and rounded cap; and (g) dimpled bottom. Diageo also claimed common law rights since the hipsters have unique trade dress and visual features such as a monochromatic colour scheme, two-toned rimmed and rounded cap bearing a different colour, manner of the depiction of text and label, indentations, and embellishments.

Great Galleon argued that Diageo's registered design of the Hipster is liable to be cancelled on the grounds that: (a) the design stands disclosed through prior art, (b) the design is not new and original, (c) the design is functional, and (d) that mosaicking (using a combination of known designs) is impermissible. Great Galleon also argued that there are several differences between the shape, get-up, and pricing of Diageo's and their bottles.

The Court determined that the impugned bottles of Great Galleon bear remarkable similarity to Diageo's Hipster based on a "*deceptive similarity*" test. Therefore, Diageo has established a prima facie case in their favour that the impugned bottle is an obvious and slavish imitation of Diageo's registered design for Hipster.

Additionally, the Court also rejected Great Galleon's argument that the design registration ought to be cancelled. Upon reviewing the cited prior arts, the Court found that Hipster's features are unique and not found in the submitted prior arts. Further, the Court held that mosaicking of pre-existing designs cannot be a ground to seek cancellation. Moreover, the Court found that Great Galleon failed to establish that the Hipster's design was the only way to carry liquids; hence, it could not be cancelled on functional grounds.

However, the Court also found that the Hipster's trade dress was not distinctive enough to become a source identifier. The Court also found that there was hardly any similarity between Diageo's and Great Galleon's labels, trade dress, and get-up. Therefore, the Court was unconvinced that Great Galleon's purported imitation of the Hipster trade dress resulted in tangible confusion regarding the source of the goods, and, therefore, no passing-off action could be made out.

In conclusion, the interim injunction granted to Diageo was sustained on the ground of design infringement only.

Mere trade variants of pre-existing designs cannot be registered

In a recent judgment, the Delhi High Court held that mere trade variants of pre-existing designs are not capable of registration and further clarified what is included by "publication" to determine novelty. In this case, Philips Lighting Holding B.V and its successor Signify Holding B.V (collectively "Signify"), separately sued defendants, Jai Prakash Agarwal & Anr. ("Jai") and Syska LED lights ("Syska") (collectively, "the Defendants"), for infringing its registered design of the "T-Shaped LED Bulb." Signify asked for ad-interim injunctions restraining Jai and Syska from manufacturing, selling, or dealing in products embodying the registered "T-Shaped LED Bulb" design.

Signify stated that its registered design has unique features, i.e., its T-Shape design and the "Plug-and-Play" function. Signify then highlighted several similarities of the design with that of the Defendants' products, as seen below.

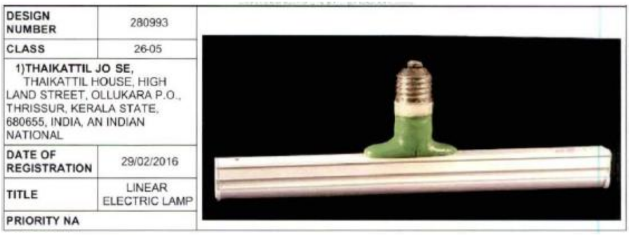
Signify's product

Jai's Product

Syska's Product

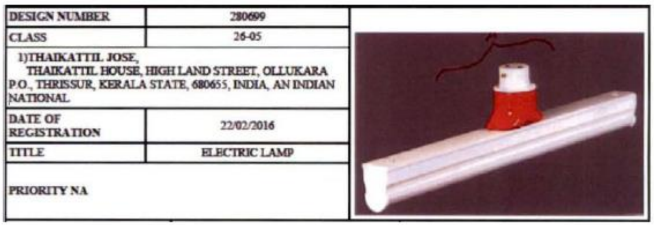
Additionally, Signify relied on several judgements which referred to the '*test to be applied in cases of design infringement is of judging solely by the 'eye'* ' in view of similarity to the Defendants' products.

In its defence, Jai submitted that Signify's design registration is liable to be "cancelled" by drawing attention to the two previously registered Indian designs, that exhibited similar aesthetics and were granted prior to Signify's registered design. Jai also submitted that all three are not only "common," but essentially the same.



DESIGN NUMBER	280993
CLASS	26-05
1)THAIKATTIL JO SE, THAIKATTIL HOUSE, HIGH LAND STREET, OLLUKARA P.O., THRISSUR, KERALA STATE, 680655, INDIA, AN INDIAN NATIONAL	
DATE OF REGISTRATION	29/02/2016
TITLE	LINEAR ELECTRIC LAMP
PRIORITY NA	

Registered Design No. 280993



DESIGN NUMBER	280699
CLASS	26-05
1)THAIKATTIL JOSE, THAIKATTIL HOUSE, HIGH LAND STREET, OLLUKARA P.O., THRISSUR, KERALA STATE, 680655, INDIA, AN INDIAN NATIONAL	
DATE OF REGISTRATION	22/02/2016
TITLE	ELECTRIC LAMP
PRIORITY NA	

Registered Design No. 280699

Syska additionally relied on three patents and a design registration to highlight prior publications. Syska also stated that their product design looks different than that of Signify's.

Signify countered stating that prior "publication," would necessarily mean "a prior product" in the market or industry, which the Defendants failed to produce. Additionally, Signify submitted that the registered design was registered in a different sub-class than the prior design registrations cited by the Defendants and hence not relevant.

The Court, in its judgment, referred to the Designs Act, 2000 ("the Designs Act") as well as several precedents and reiterated that 'design' refers only to features of shape, configuration, pattern, ornament, or composition of line and colours applied to any article which has an aesthetic and visual appeal and are judged solely by the "eye". In addition, the design must be "new" or "original" and should not have been previously registered in India, nor should it have been published in India or any other country prior to the date of its registration. The Court held that the test to be applied is of "sameness" of the features of shape, configuration, or pattern, but that does not mean that the two designs must be identical on all points without exception, but that they have to be "substantially" the same and the differences therein cannot be based purely upon subjective, utilitarian, or aesthetic considerations, but must be objectively different in the essential features.

Comparing Signify's product with the Defendants,' the Court found that the differences claimed by the latter were insufficiently distinguishable and were superficial and, therefore, held that the Defendants' products are similar, if not identical, to Signify's product.

However, the Court found that the Defendants were successful in demonstrating that, in view of the previously registered designs Nos. 280993 and 280699, Signify's registered design is not substantially distinct and is, hence, neither **'new'** nor **'original'**. The Court held that "*a design identical with or even materially similar to the relevant design should not have been published or registered previously. Even a slight trivial or infinitesimal variation from the pre-existing design shall disqualify the relevant design for registration*." The Court, therefore, found, *on the face of it*, that Signify's design is *a mere trade variant of an already existing registered design(s).*

The Court rejected Signify's submission that prior "publication" requires a prior "product" in the market and held that previously registered designs are prior "publications" if they are public **and** have clear application to a specific article that can be judged visually or the "*eye of the mind*". Applying this in the present case, the Court found that the prior registered designs Nos. 280993 and 280699 are clear enough and depict the end product with the said design.

However, the Court rejected Syska's citation to one of the patent documents relating to vehicle brake lamps which are T-shaped, on the ground that in the absence of the product, at least on the face of it, it is *difficult to visualize* it. Similarly, Syska's mere citation to a design registration and other patent documents without any actual product (and given the difficulty in visualisation), cannot suffice to hold Signify's design to be neither 'new' nor 'original'.

Finally, the Court rejected Signify's submission that the prior registered designs Nos. 280993 and 280699, is registered in different sub-class were not relevant. It drew attention to Section 6 of the Designs Act which provides that, a design may be registered in respect of any or all of the articles comprised in a prescribed "class of articles". Therefore, the Court held, that once a design is registered for one category of a class of articles, the proprietor can claim a right for other articles in the same class. Similarly, registration of one or more articles in that class shall not be invalidated on the grounds that it has already been registered for another article.

In summing up, the Court held that though the Defendants' designs were not different from Signify's registered design, the Defendants were able to show that Signify's registered design is liable to be cancelled on the ground that it is neither new nor original. Hence, the Court rejected Signify's application for an ad-interim injunction.

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