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Intellectual Property Attorneys

INDIA IP UPDATE

Quarterly Newsletter from K&S Partners
For private circulation only

Vol. XXII, Issue 2
April - June, 2022

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LEGISLATIVE UPDATE

Draft amendments to the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 published for comments

On 6 June 2022, the Ministry of Electronics and Information Technology (MEITY) published proposed draft amendments to the IT (Intermediary Guidelines and Digital Media Ethics Code) Rules 2021 ("IT Rules, 2021"). The draft amendments propose to further tighten the compliance requirements for significant intermediaries such as social media sites concerning the grievance redressal mechanism.

Under the proposed amendments, the Central Government can establish Grievance Appellate Committees (GACs) for hearing user complaints against intermediaries. This need has arisen because intermediaries currently do not provide any appellate mechanism nor is there a credible self-regulatory mechanism. GACs may address user complaints within 30 days of receipt. The draft amendments, however, specify that a user can directly appeal an intermediary's decision to a court of law without approaching a GAC first.

The draft amendments specify that the GACs will comprise of a chairperson and other members. Further, intermediaries must comply with the orders passed by a GAC. However, there is a lack of clarity on the number of GACs that will be constituted, the eligibility criteria for the appointment of members to a GAC, and the rules for the functioning of the GAC.

The draft further proposes to tighten the timelines for intermediaries in dealing with user grievances. The current Rules require the intermediary to acknowledge the grievance within 24 hours and then dispose it of within 15 days; complaints for the removal of any content are to be addressed within 72 hours instead of the current 15 days. Additionally, in the case of significant social media intermediaries, a user affected by any decision of the intermediary may raise the dispute to the Resident

Grievance Officer who must dispose of the matter within 72 hours instead of the current period of 15 days.

The draft amendments also propose that social media platforms respect the constitutional rights of citizens. This could mean that contractually agreed terms and conditions between the intermediary and the user will be subordinated in case of a conflict.

CASE LAW UPDATE

Patents

Domestic patent filings outnumber international filings in Quarter 1 of FY 2022-23

In April, the Indian Ministry of Commerce and Industry announced that for the first time in 11 years, the number of domestic patent applications filed at the Indian Patent Office (IPO) surpassed those filed by foreign entities in the first quarter (Q1) of the fiscal year 2022-23.

Out of 19,796 patent applications filed at the IPO in Q1, 10,706 (more than 54%) were filed by Indian applicants. The number of domestic patent filings has seen a steady increase over the past years from a 36% in 2019-20 to 40% share in 2020-21. This milestone, despite the pandemic-induced economic slowdown, is reflective of the level of innovation and growing IP awareness in the Indian Science, Technology, Engineering, and Mathematics (STEM) community.

The Global Innovation Index (GII) provides insight into the innovation performances of 131 economies around the world. One of the indicators considered in determining the GII is 'patents by origin.' A steady year-over-year improvement has been noted by India since the GII's inception in 2007 when it ranked 48 in 2020. In 2021, it has risen to 46.

Patent filings are considered a global yardstick for innovative activity and India seems to be making steady progress in this area. DPIIT's initiatives to incentivize filings, such as providing concessions up to 80% reduction in official fees for startups, small entities, and educational institutions, and provision for startups and MSMEs to opt for expedited examination could be a few impetuses that may have supported the increased domestic patent filings.

Several positive reforms by the IPO have also contributed to the increase in domestic filings. Patents Rules now allow expedited examinations of patent applications where at least one of the applicants is a woman. Additionally, IPO has taken measures to speed up the processing of applications leading to reduced time for patent examination; it has reduced to 5-23 months as compared to the earlier 72 months as seen in December 2016. There has also been an increase in patent grants in 2021-22 by about 5 times as compared to the numbers in 2014-15.

India's Gross domestic Expenditure on R&D (GERD) as a percentage of GDP is at 0.66%, which is still among the lowest in the world. Developments such as setting up science technology and innovation hubs, strategic partnerships/collaborations with other countries and established foreign agencies, stimulating, and fostering the start-up boom, increasing employment opportunities in the STEM sector, and promoting foreign investments in research are indeed efforts in the right direction. Yet, India's GERD is significantly lower in comparison to both upper and middle-income countries that have a GERD-GDP ratio of over 1.46%.

Thus, while the filing trends augur well for innovative activities in the country, increased R&D expenditure will certainly help further strengthen the culture of innovation and keep the momentum going.

Boehringer Ingelheim granted ad-interim injunctions for patent infringement by generic companies

In the matters of *Boehringer Ingelheim Pharma GmbH & Co. KG.* and *Boehringer Ingelheim (India) Pvt. Ltd. vs. Macleods Pharmaceutical Limited* (order dated April 21, 2022) and, *MSN Laboratories Pvt. Ltd., Eris Lifesciences Ltd., Emcure Pharma Limited* and *Optimus Pharma Pvt. Ltd.,* (order dated June 1, 2022), (collectively referred to as "the defendants"), the Himachal Pradesh High Court issued

Boehringer Ingelheim

ad-interim injunctions to the patentee Boehringer Ingelheim ("BI") against five Indian generic companies.

The patented drug in question was Linagliptin, a diabetes drug covered by Indian Patent No. 243301 (IN 301).

BI filed separate suits of infringement against all these companies and sought interim injunctions to restrain the defendants from violating their patent rights during the pendency of their suits. BI argued that a preliminary injunction should be granted in their favour essentially because:

- The 'subject patent' is old and well-established, commercially highly successful and extensively useful.
- The patent was granted in favour of BI following the substantive provisions of the Patents Act, 1970; and
- Admittedly, no pre-grant opposition, or post-grant opposition, including any objection against the quality and strength of the 'subject patent' was raised by any of the defendants except for the filing of revocation proceedings a day before launching their infringing products in the market.

In defence, the Indian generic companies argued that:

- BI had obtained two patents, i.e., Patent No. 227719 (IN 719) for the "Markush" formula being the 'genus' patent, which expired on 21 February 2022, and the subject suit patent IN 301, which is a 'species' patent. Both patents cover the same invention; however, the patentee has not disclosed to the Court the distinguishing inventive step of IN 301 from IN 719.
- They have indeed challenged the 'species' suit patent by filing a revocation petition against it. This is a credible challenge to the patent in issue, and therefore, no interim relief should be granted.

The Court relied on the following key principles established by several earlier judgments by the courts dealing with patent infringement suits:

"(i) The registration of a patent per se does not entitle the plaintiffs to an injunction. The certificate does not establish a conclusive right.

(ii) There is no presumption of validity of a patent, which is evident from the reading of Section 13(4), 64, and 107 of the Patents Act;

(iii) The claimed invention must be tested and tried in the laboratory of Courts.

(iv) The Courts lean against monopolies. The purpose of the legal regime in the area is to ensure that the inventions should benefit the public at large.

(v) The plaintiff is not entitled to an injunction if the defendant raises a credible challenge to the patent. A credible challenge means a serious question to be tried. The defendant need not make out a case of actual invalidity. Vulnerability is the issue at the preliminary injunction stage whereas validity is the issue at trial. The showing of a substantial question as to invalidity thus requires less proof than the clear and convincing showing necessary to establish invalidity itself.

(vi) At this stage, the Court is not expected to examine the challenge in detail and arrive at a definite finding on the question of the validity of the patent. That will have to wait at the time of trial. However, the Court must be satisfied that a substantial, tenable, and credible challenge has been made; and that

(vii) The plaintiff is not entitled to an injunction if the patent is recent, its validity has not been established and there is serious controversy about the validity of the patent."

Having heard the parties, the Court decided as follows on the various issues:

<u>On the issue of whether there is a credible challenge to the patent</u> - the Court noted that the fact that the patent was granted shows that the IPO was satisfied. Hence, it cannot be said that by highlighting the facts or pleadings of the plaint before the Court, the defendants have laid a credible challenge to the subject patent to deny interim relief to BI at this stage. The Court added that the vulnerability of a patent cannot be concluded simply on the assertions or defence of the defendants which are yet to be proved.

The Court additionally observed that while BI was granted a patent, the defendants lack a patent about the infringing goods. Additionally, they neither have a pre- or post-grant challenge to BI's patent. According to the Supreme Court in M/s Bishwanath Prasad Radhey Shyam, the grant of a patent does not ensure its validity. However, it is a fact that if an infringement of the patent is not prevented, the patent holder will suffer irreparable damage.
Further, the infringer cannot stand on the same pedestal as the patent holder who is vulnerable.

<u>On the issue of evergreening</u> - the defendants had alleged that the suit patent IN 301 is nothing but evergreening of the expired patent, IN 719. The Court however held that it cannot make any observation in this regard because this is an issue to be decided by the Court based on the defence coupled with the evidence which may be led by the parties

in support of their respective contentions. The Court at this stage must primarily see whether BI has made out a case for the grant of interim relief.

<u>On whether the balance of convenience is in favour of BI</u> - the Court held that knowing that the defendants do not own a patent for the chemical Linagliptin, they took a calculated risk while fully understanding that the medication they wanted to commercialise was duly covered by BI's patent. The Court further stated that although Patent IN 719 had recently expired and had entered the public domain, the defendants had not requested revocation of the suit patent well in advance during the validity of Patent IN 719 before producing and marketing their respective products. This, in the Court's opinion, also tips the scales of convenience in BI's favour.

<u>On whether the suit was improperly filed</u> - in *Boehringer Ingelheim vs. Macleods*, the defendant Macleods Pharma had also filed an application contending that the suit is improperly filed in as much as the person signing as constituted attorney of the plaintiffs is barred by law from representing the patentee. Dismissing the said contentions, the Court held that:

- Order VII, Rule 11 of the Indian Civil Procedure Code (CPC), envisages that the plaint will be rejected where it does not disclose a cause of action or where the suit appears from the statement in the plaint to be barred by any law.
- In the present case, the defendants did not argue that the plaint is liable to be rejected as it does not disclose a cause of action. The Court will, therefore, not dwell on this aspect.
- The defendant's contention that the suit in hand is liable to be rejected under Section 53 (4) of the Patents Act, 1970 is totally misconceived as this provision only provides that the protection which is available to a patent holder during the term of patent ceases after the expiry of the term. In the present case, the term of the subject patent has not expired.
- The words "barred by any law' must be construed strictly by the Court and the same cannot be confused by a plaintiff ultimately not be entitled to the relief being prayed for by it on account of certain statutory provisions.
- As regards the suit not having been filed by a duly authorized person, whether the suit is maintainable or not is an issue that cannot be decided by this Court under the provisions of Order VII, Rule 11 (d) of the CPC.

Accordingly, the Court issued interim injunctions in favour of BI and restrained the defendants in the respective civil suits, either themselves or through their directors, etc., jointly, and severally from infringing the subject patent, i.e., IN 301.

The Delhi High Court on the relevance of intent in the abandonment of patent applications

In two separate writ petitions *(European Commission v. Union of India & Ors)*, the Delhi High Court ruled that the mistake of a patent agent would not make a patent applicant liable for suffering any adverse outcome if it is proved that such mistake was not attributable to any act/negligence of the patent applicant.

The European Union ("the Applicant") filed two Indian patent applications bearing nos. 11123/DELNP/2012 and 3466/DELNP/2013 ("the patent applications") on 21st December 2012 and 18th April 2013 respectively through an Indian patent agent ("patent agent 1"). Patent agent 1 was instructed to file these applications by a European IP firm ("EU IP firm 1"), the primary attorney for the Applicant.

European Commission

In 2017, the Applicant transferred its files in relation to both applications to another European IP firm ("EU IP firm 2"). This transfer of files, from EU IP firm 1 to EU IP firm 2, was duly communicated to patent agent 1.
According to the Applicant, since the beginning of 2018, EU IP firm 2 repeatedly tried to establish contact with patent agent 1 through email communications seeking updates relating to any First Examination Reports (FER) issued in these cases by the IPO. Due to the continued unresponsiveness of patent agent 1, the Applicant

transferred the cases to another Indian patent agent ("patent agent 2") in February 2019.

Patent agent 2 informed the Applicant that both applications had been deemed abandoned according to the IPO website and that the FERs had been issued in the cases on 10 April 2018 and 29 June 2018, respectively. In the absence of any reply to the said FERs within the stipulated timeframe, the patent applications were deemed to be abandoned. Thereafter, the Applicant, through patent agent 2, filed the necessary responses to the FERs in both cases seeking hearings. In the absence of any intimation from the IPO, the Applicant moved the Delhi High Court to set aside the abandonment orders dated January 21, 2019, and September 30, 2019.

The Applicant submitted that the delay in meeting the deadlines was entirely attributable to patent agent 1 and prayed that the Applicant's rights in patent applications may not be jeopardised for no fault of theirs.

Considering arguments of the Applicant, statutory provisions under the Indian Patents Act, 1970 ("the Act") as well as various judicial precedents, the Court observed that it is convinced that there was no intention on the part of the Applicant to abandon the cases; in fact, the Court noted that the Applicant's actions indicate that it was actively pursuing the applications. Moreover, the judicial opinion in respect of responses to FERs or other deadlines seems to suggest that an Applicant's intent to pursue the case is an important consideration. In such a case, if the Court is convinced that there was a mistake of the patent agent and the Applicant is able to establish full diligence, the Court ought to be liberal in its approach, albeit on a case-to-case basis.

The Court further opined that the mistake of a patent agent would be similar to the mistake of an advocate who may be representing parties in any civil or criminal litigation. In such cases, as laid down by the Supreme Court of India in several decisions, the settled legal position is that the litigants ought not to suffer.

The Court restored both patent applications. Further, it directed the IPO to take on record, the Applicant's responses and adjudicate the patent applications within a period of six months.

Delhi High Court clarifies the scope of patent claim amendments

In *Nippon A&L Inc. v. Controller of Patents*, the Delhi High Court clarified the "scope and extent of amendment of claims" before the grant or disposal of a patent application in India.

Nippon A&L Inc. (Nippon) had filed an appeal before the Delhi High Court, challenging an order of the Indian Patent Office (IPO) refusing its national phase patent application numbered IN201617003704. The originally filed claims of the application were for a copolymer latex, defined in a 'product by process' format, characterizing features of the product as well as the process of making the product.

During prosecution, the IPO raised substantive objections on patentability aspects as well as clarity of claims. Objections were raised regarding the scope of claim 1 reading as "*A copolymer latex being obtained by emulsion polymerization*….". The IPO had observed that the claim was vague as to whether it read on to a product or a process. Despite Nippon's submissions in response to the objections, the concerned patent Controller of the IPO suggested redrafting the claims during the hearing. To satisfy the Controller, an amended set of claims was filed by limiting the claims to a 'process only' format, and claim 1 was amended to read as, "*A method of emulsion polymerization for obtaining a copolymer latex* ….".

However, the controller refused the patent application, primarily on the ground that the amended claims, directed to a process, were beyond the scope of the original claims which were directed to a product (*copolymer latex*). Thus, such an amendment, i.e., from 'product claims' to 'process/method claims' was beyond the scope of the originally filed claim and not allowable under Section 59(1) of the Act. The Controller had further noted that the originally filed claims did not have a single method claim thus establishing the premise that what was not originally claimed is 'disclaimed' and hence method claims were unallowable.

Nippon argued that since the original claims were "product by process" claims and were restricted only in view of the Controller's continued objections, *a* significant part of the claims themselves had in fact been given up. Thus, they could not be beyond the scope of the original claims.

Relying on several national and international precedents as well as citing Article 123 of the European Patent Convention, 1973 ("EPC")*,* Nippon argued that those amendments wherein product by process claims are restricted to only process, have been held allowable. Nippon additionally argued that even if the originally filed claims were granted, the process would have limited the product as defined in amended claim 1.

The Court made the following key observations:

- The complete specification of the patent application is quite detailed regarding the claimed process.
- In view of the controller's objection regarding clarity pertaining to monopoly sought in the claim, the appellant had sought to limit the claims to its own detriment and lost the claim of exclusivity for the product (copolymer latex).
- The original filing also had process/method claims or features.
- The understanding in patents is that product claims are much broader claims than process claims. In the case of 'product by process' claims, the extent of monopoly depends upon the reading of the claims in each case. In the present case, the original product by the process claimed the copolymer latex with specific features to be manufactured by the process described in the specification. The amended claims restricted the scope to merely the process of manufacturing the copolymer latex which is clearly a step down for the appellant.
- Section 59 of the Patent Act provides that an amendment of an application is permissible only under certain conditions as prescribed. Examining these conditions, the Court observed that prior to its amendment in 2002, section 59 included the phrase "*except for the purpose of correcting an obvious mistake*" which was substituted to read, "*except for the purpose of incorporation of actual fact*". Such substitution shows that the power to amend has not been abridged, curtailed, or narrowed but has been *expanded.*
- The Controller's objection that the process was originally disclaimed is incorrect as the amendments were the outcome of the Controller's objection regarding clarity as to whether the claim was for a product or for a process.
- As previously proposed by the Ayyangar Committee Report, there should be broader and wider permissibility for amendment of claims and specifications prior to the grant and restrict the same post the grant. The report was categorical in that the invention before and after amendment need not be identical in the case of pre-grant amendments "*so long as the invention is comprehended within the matter disclosed.*" Thus, amendments to a patent specification or claims prior to grant ought to be construed more liberally rather than narrowly; and
- If the invention is disclosed in the specification and the claims are being restricted to such disclosure, the amendment ought not to be rejected, especially, at the pre-grant stage.

Based on the above discussion, the Court held that Nippon had clearly amended and narrowed the scope of the claims and not expanded/broadened the same.

In addition, the claimed process was clearly disclosed in the patent specification and not added by amendment. Accordingly, the Court held that the amendment is within the scope of the patent specification and claims as originally filed, and the objection under Section 59(1) of the Act cannot be sustained. A six-month timeframe was set for the Controller to examine the amended claims on the other grounds, including patentability, and dispose of the patent application.

This decision is a significant precedent clarifying the legislative intent behind section 59 of the Act, prescribing conditions for allowing patent claim amendments in India, and ruling that it should be applied flexibly, at least at the pre-grant stage.

Trade Marks

FRAPPUCCINO: Delhi High Court grants ex-part order to Starbucks

In *Starbucks Corporation V. Teaquila - A Fashion Café and Anr,* the Delhi High Court injuncted the defendant, Teaquila- A Fashion Café ("Teaquila") from selling beverages under names incorporating the registered trademark FRAPPUCCINO owned by Starbucks Corporation ("Starbucks"). Teaquila, who did not participate in the suit, was selling these beverages under names such as 'BUTTER SCOTCH FRAPPUCCINO' and 'HAZEL NUT FRAPPUCCINO,' without permission or license from Starbucks.

While granting the injunction in favour of Starbucks against infringement and passing off by Teaquila, the Court took note of the evidence and documents filed by Starbucks. It held that Starbucks' FRAPPUCCINO trademarks have acquired a formidable reputation and goodwill in India and that Tequila has used identical marks for similar goods involving common trade channels and customer base. Starbuck's claim of damages was, however, declined by the Court in the absence of sufficient evidence of actual damage suffered. Since infringement was established against Teaquila, the Court awarded notional damages to the tune of INR 200,000 (~USD 2500) to Starbucks.

Delhi High Court orders high punitive damages in domain name misappropriation

In *Hero Electric Vehicles Pvt. Ltd. & Anr. v. Guddu Ansari & Ors.,* the plaintiff Hero Electric Vehicles Pvt Ltd ("Hero") was awarded high punitive damages by a Single Judge of the Delhi High Court. Hero alleged that the first and second defendants Guddu Ansari (collectively, "Guddu") and M/s Hero Electro were duping customers by using a deceptively similar domain name www.heroelectro.in registered through the second defendant GoDaddy LLC ("GoDaddy") which resolved to a deceptively similar website as that of Hero. Through the website, Guddu has been offering dealerships for HERO electric vehicles, among others. The suit was decreed *ex parte* as Guddu did not appear.

Hero argued that its mark HERO has acquired enormous goodwill and reputation in the automobile industry and that Guddu had duped innocent customers by using its name and collected INR 8,00,000-10,00,000 (~USD 10,125-12,660) which is deposited with the third defendant, Yes Bank. Besides a permanent injunction, Hero also requested the Court for damages.

After hearing the parties, the Court awarded aggravated damages to the tune of INR 50,00,000 (~USD 63,500) as it found deliberate infringement. Additionally, GoDaddy was also directed to transfer the domain name heroelectro.in to Hero.

Madras High Court declines relief to Cipla over infringing use of its mark RESPULES

This case (*Cipla Ltd. v. Sun Pharmaceutical Industries)* involved an order by a Single Judge of the Madras High Court regarding a dispute over the use of the mark RESPULES owned by Cipla Ltd. ("Cipla"). The medical preparation sold under the mark RESPULES is a capsule in liquid form used for nebulization in respiratory illnesses.

Cipla / SUN PHARMA

Cipla argued that RESPULES, a portmanteau, was coined by it in 1993; and that it is a word not found in the English dictionary, or the Directory of International Non-proprietary Names. Cipla has had a registration for the same since 2002. Cipla alleged that the defendant, Sun Pharmaceutical Industries ("Sun") has infringed its rights in the said mark by using it in a descriptive form and in lower case. Sun, on the other hand, argued that the term RESPULES is not a coined word but a descriptive word. It further contended that RESPULES is not a purely invented word because of its reference in a descriptive sense in various contexts including by Cipla itself, the

Drugs Controller General of India, and the Director General of Health Services.

On considering the rival arguments, the Court observed that a fusion of two descriptive words may be afforded trademark protection as a newly coined word only when it does not readily recall the self-evident combination of words. The Court considered precedents involving marks like INSTEA (referring to instant tea) and DROPOVIT (referring to drop of vitamin). It is evident that 'INSTEA' is a combination of the words 'Instant' and 'Tea' whereas, in 'DROPOVIT,' such a combination is not evident. INSTEA was therefore rejected for protection, whereas DROPVIT was held to be eligible for protection. Applying the same reasoning to RESPULES, the Court observed that while RESPULES is not in the same league as INSTEA, it is also not as difficult to discern the constituent descriptive words, "respiratory capsules." Additionally, the mark had been commonly used, even by Cipla to describe the form in which medicine is marketed.

As such, the Court was not inclined to restrain Sun from using RESPULES.

Delhi High Court grants injunction to Warner Bros against 'rogue websites'

In *Warner Bros Entertainment Inc. v. https://otorrents.com & Ors.*, the American entertainment giant Warner Bros Entertainment Inc. (Warner) instituted a suit against streaming and download websites (like Otorrents) for unlawfully broadcasting, re-broadcasting, transmitting, and streaming Warner's content which is entitled to protection under the Copyright Act, 1957 as cinematograph films. Warner argued that a permanent injunction should be granted against two of these websites since they are 'rogue websites' that have been consistently violating Warner's copyright. Before filing the suit, Warner had investigated through an independent investigator and sent a cease-and-desist notice to these entities. However, no response was received.

The question before the Court was to determine whether the two defendants were indeed 'rogue websites' as Warner claimed and whether a permanent injunction blocking access to such websites would be proportionate to the harm caused by them. Warner placed reliance on UTV Software Communication Ltd. & Ors. v. 1337X.to & Ors. ("the UTV case"), decided by the Delhi High Court.

As these defendants did not file their written statements, the Court issued a summary judgment in the matter. It held that websites like Otorrents had no real prospect of successfully defending their copyright infringement against Warner. It considered the illustrative factors of the UTV case in determining a website as a rogue website and noted that these websites have no defence and use the anonymity offered by the internet to engage in illegal activities, as in the present case.

Based on the evidence, the Court held that the two websites were rogue websites. In the same vein, the Court also discussed the question of dynamic injunctions and permitted subsequent impleadment by Warner of mirror/redirect/alphanumeric websites that provide access to the rogue websites.

Copyright

Do EULAs amount to copyright licenses under the Indian Copyright Act, 1957?

This is an appeal *(The Commissioner of Income Tax-International Taxation-2 V. Microsoft Corporation)* filed before the Delhi High Court by the Commissioner of Income Tax ("the Commissioner") against Microsoft Corporation ("Microsoft"), challenging an order of the Income Tax Appellate Authority (ITAT). In the order under challenge, the ITAT had held that licensing of Microsoft's software products in India was not taxable royalty. The Commissioner argued in its appeal that the End User License Agreements (EULAs) amounted to the transfer of copyright.

Relying on precedents by the Supreme Court of India and its own precedents, the Delhi High Court held that when computer software is licensed for use under a EULA, there is no license granted to use the copyright embedded therein. The EULA only imposes restrictive conditions upon the end-user and does not part with any interest relatable to any rights under the Copyright Act. According to the Court, the consideration in EULAs is not the payment of royalty for the use of copyright in the computer software, and the same does not give rise to any income taxable in India.

IT & Digital Laws

Social media intermediaries not to insist on court orders to remove content

In *State* v *Duraimurugan,* the Madras High Court deliberated on the issue of state authorities and third parties seeking to take down or block access to social media content.

In this case, a First Information Report (FIR) was lodged against the defendant for making certain video content containing derogatory remarks against a former Chief Minister of Tamil Nadu that were uploaded to YouTube.

The State argued that social media intermediaries such as Facebook and Twitter insist on court orders for blocking certain content. In some cases, the intermediaries only temporarily block content when presented with an FIR and require court orders to permanently block any content. Moreover, intermediaries headquartered in foreign countries do not respond to the request of Indian authorities.

The Court held that the intermediaries have framed certain guidelines for their users which form part of the contract between them and their users. In this regard, it is the intermediary's responsibility to determine whether the content is compliant with these policies and guidelines and to block it if it is not.

In conclusion, the Court noted that an intermediary must not insist on FIRs or court orders to remove content that is in violation of its guidelines. If the intermediary fails to remove the content after becoming aware of it, it may be booked under the Information Technology Act 2000 (the IT Act).

India's Computer Emergency Response Team (CERT-In) introduces new compliance requirements

On 28 April 2022, India's Computer Emergency Response Team (CERT-In), an organization under the Ministry of Electronics and Information Technology, issued a set of directions, imposing more obligations on service providers with respect to reporting cyber incidents and storing system logs. CERT-In was formed by the Government of India under Section 70B of the IT Act to undertake certain functions including collection, analysis, and dissemination of information on cyber incidents and emergency measures for handling these incidents. The full set of directions may be found at this link.

These latest directions are part of a pattern of the Government to exercise tighter control over providers of digital services and minimize problems in getting digital evidence caused by jurisdictional issues (conflict of law) and technical issues like lack of localization. These directions also seek to partly harmonize the CERT-In directives with the directives given under other regulations like the Intermediary Liability guidelines, Banking Regulator, Telecom Regulator, etc. These directions will increase the cost of compliance for service providers due to storage requirements, as well as an increase in complexity.

The significant directions are:

- All service providers to synchronize their system clocks with the system clock of India's National

Physical Laboratory (NPL) or the National Informatics Center (NIC).
- All cyber incidents are to be reported within six hours of occurrence.
- Logs of all activity to be maintained for 180 days and the same to be stored within India.
- Logs of subscribers to be stored for five years after any subscriber terminates a service.
- Service providers to designate a contact person for interface with CERT-In.
- Data centres, cloud service providers, and Virtual Private Network service (VPN Service) providers to store customer data for five years; and
- Financial data including transactions to be stored for five years.

In a subsequent clarification, CERT-In stated that the directions are applicable to all service providers. This includes intermediaries, data centres, and body corporates offering services to users in India, irrespective of their physical presence in India. They must also designate a contact person to liaise with CERT-In.

CERT-In also clarified that enterprise and corporate VPNs are excluded from these directions and that the directions pertain only to those VPN service providers that provide internet-proxy-like services to general internet subscribers/users.

While CERT-In had provided 60 days to the industry to comply with the directions, there was a significant lack of clarity on many aspects like the definition of service provider, standard operating procedures, and formats for reporting of incidents. There was also no separation between significant service providers from the smaller ones. In this connection, it may be recalled that the Intermediary Guidelines issued last year had created a separate category of service providers called “Significant Social Media Intermediary (SSMI) as a social media intermediary which has above five million registered users, with more onerous compliance burdens. However, following submissions from MSME (Micro, Small & Medium Enterprises) entities about the onerous compliance burden, CERT-In via a notification dated 27 June 2022 extended the deadline of compliance till 25 September 2022 for entities that come within the definition of MSME as provided by Notification No. 2020 S.O. 1702(E) dated 1 June 2020 by the Ministry of MSMEs. CERT-In, via the same notification, also extended the deadline for compliance with the requirement for validation and maintenance of customer data to 25 September 2022.

The directions regarding the storage of customer data by VPN service providers have caused a few VPN service providers to announce the removal of their servers from India.

AWARDS & RECOGNITIONS

Ranked as ‘Tier 1’ in Trademark Prosecution and Trademark Contentious

Jyoti Sagar conferred with the ‘Lifetime Achievement’ award

Ranked as ‘Tier 2’ among leading Indian IP law firms

Awarded for its outstanding service in 'IP Enforcement' and 'Pharma & Life Sciences'