Managing Intellectual Property

The Global IP Resource

HOW IP LAW CAN WORK BEST FOR PUBLIC INTEREST

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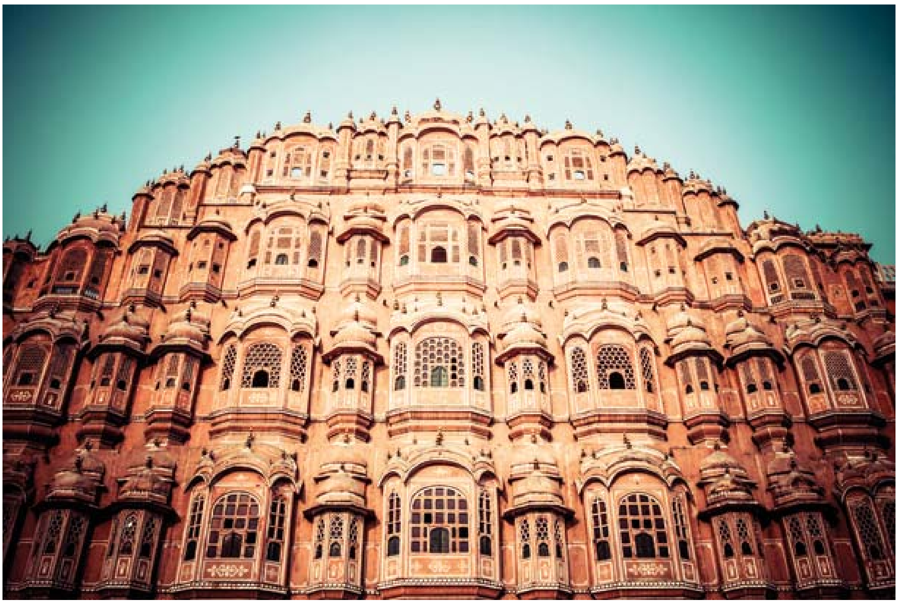
Rishu Srivastava and Shilpi Saurav Sharan of SS Rana describe recent developments in Indian IP law that have been significant for their contribution to public interest



In the past year, India has witnessed a significant evolution of IP laws and amendments, and the Indian judicial and quasi-judicial authorities have laid down some precedents and pronounced obiter dicta which have not only assured justice to right holders, but have also been praised worldwide for addressing public interests. It is apparent that decisions of the various courts and amendments brought about by IP legislature has, in various ways, affected industries, and particularly pharmaceutical companies, globally.

Novartis v Union of India and *Bayer v Natco* are the two judgments delivered by the Indian judiciary which have significantly impacted pharmaceutical companies globally, and have been elementary in interpreting the intentions behind the formulation of the Indian Patent Act.

Bayer v Natco

Bayer v Natco is a landmark judgment, as it has the privilege of being the first ever matter in which the Indian Patent Office (IPO) granted its compulsory licence, to Natco Pharma for the production of a generic version of Bayer Corporation's patented medicine Nexavar (used in the treatment of liver and kidney cancer). In the course of the proceedings, while granting the compulsory licence to Natco, the IPO took into consideration various issues such as (i) the reasonable requirements of the public with respect to patented inventions that have not been satisfied, (ii) the patented invention is not available to the public at a reasonable affordable price, and (iii) the patented invention has not worked in the territory of India.

The IPO, considering the facts and circumstances of the case, along with the state of India's healthcare system and the fact that India's major population is deprived of basic necessities of life, held Bayer's conduct (of not making Nexavar available to meet public need in India) as unjustifiable. The IPO was also of the view that a reasonably affordable price has to be construed; this was said in reference to public sales of Nexavar by Bayer at a price of R280,000 ($4736) per month, which was considered highly exorbitant and met the needs of only a fraction of those suffering from liver and kidney cancer. The IPO further observed that a patentee is obliged to contribute towards the transfer and dissemination of technology nationally as well as internationally. In view of this, the IPO granted its first ever compulsory licence to Natco Pharma. The other significant aspect which was discussed by the IPO at length in the course of its proceedings, was the interpretation of section 83 of the Patent Act, which accentuates that Patents are not granted to merely enable patentees to enjoy a monopoly.

Aggrieved by the impugned order pronounced by the IPO on March 12 2012, Bayer had also initiated appeal proceedings against the same before IPAB, wherein the Board, while upholding the controller's decision for grant of compulsory licence, stated that "'compulsory license' is not an unmentionable word". The Board further observed that "we must bear in mind that these proceedings are in the public interest; they are neither against the inventor, nor in favour of the compulsory licensee".

The order was widely touted to affect pharmaceutical multinational corporations (MNCs), as it was perceived to have interfered with their alleged enjoyment of monopoly. In the Indian local daily The Economic Times (dated January 24 2013) reported, "pharmaceutical multinationals have begun using the Right to Information Law to launch pre-emptive legal action against local generic players to protect the market from patented drugs and delay the entry of low cost generic medicines in the 60,000-crore domestic drug market".

Unaffected by worldwide speculations of threat to pharmaceutical MNCs, and in the wake of the above decision, BDR Pharmaceuticals International filed a second application for a compulsory licence at the Indian Patent Office, Mumbai, in March 2013.

Therefore, it can be clearly inferred that the judiciary's decision has been a milestone. It has confirmed the needs of the public, and has struck a balance between the interest of the individual and the interest of the public at large.

Novartis v Union of India

Novartis v Union of India is remarked as one of the landmark judgments pronounced by the Apex Court of India. On April 1 2013, the Supreme Court rejected Novartis' plea on blood cancer drug Glivec, and denied patent protection on the grounds that the drug Glivec was not patentable in accordance with the provisions laid down under section 3 (d) of the Indian Patent Act, which draws a clear distinction between "evergreening" and "incremental innovation". Novartis had been fighting since 2006 to obtain patent protection for its drug Glivec. The said judgment has not only been warmly embraced by the generic drug makers, but also by social organisations and public health aid groups in India, as it was seen to pave the way for lowering the prices of patented drugs and their fair availability to the public.

Comparative advertising

Certain recent cases have been fundamental in developing comparative advertising in India, and the law relating to it. *Marico v Adani Wilmar* 2013 is one such case. Marico was marketing its cooking oil under the brand name Saffola, and approached the courts with the request for a permanent injunction to restrain Adani Wilmar from broadcasting, publishing and printing advertisement of its product under the brand name Fortune.

The High Court of Delhi, while arriving at its decision, took into consideration a plethora of cases where courts have at length dealt with the issue of comparative advertising. The basic submissions of *Marico v Adani Wilmar* were that its product, Saffola, had allegedly been disparaged by television commercials and print media advertisements issued by the defendant (Adani Wilmar), by making blatantly false, unsubstantiated and misleading claims with respect to its cooking oil sold under the brand name Fortune RBO (rice bran oil) as being the healthiest oil in the world, healthier than the plaintiff's cooking oil Saffola. The plaintiff also contended that Adani Wilmar had deliberately displayed the disclaimer in its advertisement in such a manner that it was not visible to the audience, and also appeared to be vague and misleading.

The Court, in arriving at its decision, made reference to the cases of *De Beers Abrasive v International General Electric*, and the decision of the Division Bench (Delhi High Court) in the case of *Dabur India v Colortek Meghalaya*, and held that Adani Wilmar's impugned advertisement was not disparaging. It observed that Adani Wilmar only compared the advantages of its own cooking oil over the advantages of cooking oil marketed by others.

Examination reports published online

The Bombay High Court, in the recent case of *The Institute of Cost Accountants of India v The Registrar of trade marks*, has held that the mere publication of an examination report on the Indian Trademark Registry's website does not constitute communication to the holder of the mark. The Registrar of trade marks in the case had only published a letter on the Registry's website regarding the status of the applicant's mark without rendering any physical communication to the applicant, and later on in the course of the hearing, also abandoned the applicant's mark on the grounds of lack of prosecution. The Court observed that there was no such statutory rule or practice which made it mandatory for the applicant to check the documents uploaded and status of the mark updated on the website, and accordingly held that "the mere posting of the letter does not constitute communication under section 38 (4) of the Trademarks Act".

New laws and recent amendments

Copyright (Amendment) Act 2012 and Copyright Rules 2013

The Amendment outlines some noteworthy amendments, such as sections 51(1) (2B) and section 31B, which aim to carve out exceptions and limitations for people suffering with disabilities. Previously, the Copyright Act covered rights with respect to literary, musical, dramatic or artistic works.

The exclusive rights of an author of a cinematographic work and sound recording under section 14(d) and section 14(e) are extended to include storage of the work in any medium by electronic or other means and the right to sell or rent the work. The exclusive rights of the author of an artistic work under section 14(c) have also been expanded to include storage of the work in any medium, electronic or other means.

Apart from the aforesaid, there have been a few changes in the Copyright Law which have attracted controversy. Certain changes have been challenged on the grounds of violating constitutional provisions by aiming to confer sweeping rights on the Copyright Board. The said provisions have been introduced under section 31(1)(b) and 31D of the Act.

Section 31(1) (b) lays down that the Board can grant a compulsory licence over sound recordings for a refusal to communicate works to the public after hearing the copyright owner, and section 31D allows broadcasting organisations to communicate literary, musical works or sound recordings by merely giving a notice of broadcast to copyright owners in the manner prescribed in rule 29, and also empowers the Copyright Board to fix the royalty rate as per the procedure laid down in rule 31.

In accordance with the Copyright (Amendment) Act, the Ministry of Human Resources and Development has notified Copyright Rules 2013 on March 14 2013. These Rules lay down provisions with respect to statutory licences for cover versions and broadcasting of literary and musical works and sound recording, storage of transient or incidental copies of works, making or adapting work by organisations working for the benefit of persons with disabilities, importation of infringing copies and technological protection measures.

The Madrid Protocol and the Trademark (Amendment) Act

On April 8 2013, the minister of commerce and industry, Anand Sharma, deposited India's instrument of accession to WIPO director general Francis Gurry, which marked the accomplishment of India's endeavour initiated six years ago to join the International Registration of Marks. The Treaty came into force on July 8 2013, making India the 90th member to join the International Trademark System. The International Registration of Marks is set to provide an insight into Indian companies' attitudes to international branding. India, being one of the most desired consumer markets, is likely to be more often designated by foreign applicants via the Madrid Protocol.

The Trademark (Amendment) Act 2010 came into force in India on July 8 2013 with the deposition of India's instrument of accession to the Madrid Protocol for the International Registration of Marks.

Through the amendment, a new chapter (chapter IV A) has been incorporated into the Trademarks Act, which exclusively deals with procedural and statutory requirements for the international registration of marks. Sections 36A to 36G of the Trademarks Act lays down the various provisions involved in the international registration of marks under the Madrid System.

Innovation Bill 2008 and trade secret protection

In the recent upsurge in cases involving the issue of trade secrets, Indian legislature has proposed protection laws under the Innovation Bill 2008, and has accordingly incorporated provisions under chapter VI of the bill, entitled "Confidentiality and Confidential Information and Remedies and Offences". It aims to allow parties to "contractually set out the terms and conditions governing the rights and obligations in respect of confidential information with a view to maintain confidentiality and prevent misappropriation".

The judiciary reigns

Change is the law of nature, and becomes imperative in the face of the accelerated development of technology and communication being witnessed in India.

In any democratic country, the role of the judiciary assumes great importance in determining the rights and interests of the public at large, and recent judgments delivered by the Indian judiciary have re-affirmed this. Such judgments have highlighted the importance of the judiciary in protecting personal and proprietary rights. Intellectual property laws simply lay down the statutory provisions which define the general direction in governing the intellectual and proprietary rights of the holders. Thus, the major task of interpretation of those laws in such a manner that rights and interests of the public is protected rests with the judiciary. The present trend adopted by the judiciary in deciding cases involving proprietary laws (particularly patent laws) has been praiseworthy, and welcomed by various social organisations in India.

The Trademark (Amendment) Act 2010, along with India's accession to Madrid Protocol for International Registration of Marks, has recently come into force, and is at the nascent stage. There have been wide speculations in India, and worldwide, regarding the advent of the said Amendment and the implementation of the newly introduced laws for the International Registration of Marks.

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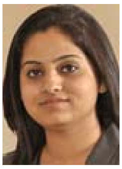

Rishu Srivastava is a patent agent at SS Rana & Co. Rishu holds an engineering degree and specialises in biotechnology and life sciences. She was selected as the Woman Scientist specialising in IPR by the Technology Information Forecasting and Assessment Council. She also interned with SS Rana & Co and later secured first rank in the patent agent examination. She is proficient in all aspects of patent and design work including patent drafting, prosecution before the Indian Patent Office, analysing patent and design applications and providing opinions related to patentability and infringement suits. She regularly advises clients on IP strategy and portfolio management. She has a flair for writing and regularly submits articles for the firm's newsletters as well as for various legal journals.

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