

# INTELLECTUALIS

INTELLECTUAL PROPERTY RIGHTS COMMITTEE | SCHOOL OF LAW,  
CHRIST (DEEMED TO BE UNIVERSITY) | EDITION 3

## STANDARD ESSENTIAL PATENTS: INNOVATION OR DISTRIBUTIVE JUSTICE?

-Eshani Ashutosh Vaidya

The decades old argument of whether the protection offered to intellectual property as a stimulus to innovation is worth its social costs is one that doesn't have a conclusive decision even today. One of the objectives of law-makers and economist has been to simultaneously increase incentives for creative activity and reduce the partially off-setting tendency of such rights to curtail widespread public enjoyment of these creations.



William Nordhaus highlighted the importance of intellectual property protection with the observation that each increase in duration or strength of patents stimulates an increase in incentive activity. Furthermore, access to a broad range of intellectual products is also crucial to the widespread attainment of distributive justice.

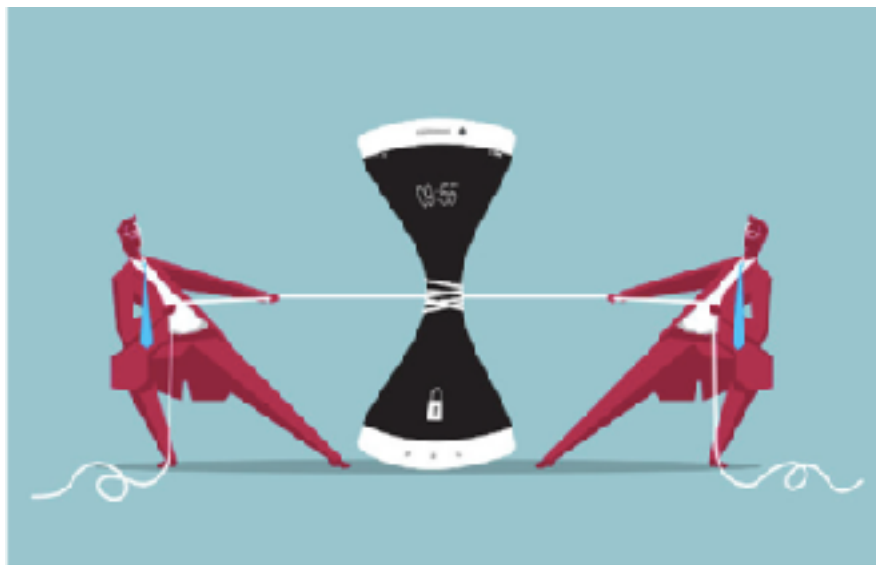


Standard essential patents are an example of an attempt to strike a balance between encouraging innovation and ensuring social welfare. When patents are issued on standardised technology that is commercially accepted, for example, Sony Ericsson's chipset technology, that product becomes "locked-in." If manufacturers don't use that technology, their product would be incompatible with the market. For example, Ericsson had a dominant position in the market for devices that implement the GSM or CDMA standards. The commercial acceptance of the patented product allows the innovator to develop a monopoly over the product.

The advantageous position thus created allows exorbitant royalty rates to be a part of license agreements between the patent holder and the licensees. The agreements are meant to be drafted in

accordance with Fair, Reasonable and Non-Discriminatory principles (FRAND), however the absence of a policy defining those principles makes compliance very rare.

The Competition Commission of India recommends the use of the price of the smallest saleable patent-practising component (SSPPC) as a royalty base, which doesn't account for the value of the complementarity effects and the network effects that the component generates. For example, upgrading the baseband chip in a mobile phone from 3G to LTE will enhance the user's ability to use data-intensive apps. The complementarity effects of a patented technology may enhance existing network effects—the benefit to society that accrues as the size of the network grows.



With most products being multi-component in nature, different SEP holders' royalties stack up, ultimately leading to the costs being borne by the consumers. Moreover, the licensee tends to be bound by a Non-Disclosure Agreement which disallows other licensees from obtaining any information regarding the agreed upon royalty rate, thus creating an extremely comfortable environment for the patent holders to capitalise on their dominant positions.

The lack of alternate technology forces manufacturers to be a part of unreasonable and discriminatory trade practices.

William Nordhaus had argued that patents for industries having more progressive inventions should have shorter lives. He deemed "progressive" inventions to be synonymous with "easier" inventions. The absence of a definition of "progressive" innovations would make such a policy counterintuitive; as was seen with the FRAND principles.

One of the attempts to strike a balance between innovation and social welfare included agreements entered into by the patent holder and patentee to purchase only from the patentee staple items of commerce for use in conjunction with the patented technology. However, this was termed "patent misuse" even though it was highly effective with price discrimination.

The Delhi High Court's decision in *LM Ericsson v Mercury Elecs* on FRAND licensing include relying on comparable licenses to derive a FRAND royalty rest on sound economic reasoning. Royalties derived from real-world licenses inherently reflect the market valuation of the SEP's because they reveal the discriminatory pricing. Comparable licenses would reveal what the licensor and licensee consider fair compensation for the use of patented technology in the marketplace.

The increased availability of information would push patent holders to act fairly in their dealings with other manufacturers, and reduce the negative effects of the dominant positions held by them.

It is clear that there exists an interplay of competition law and intellectual property law. Patents are "goods" under the Competition Act, 2002 and Standard Patent Holders "enterprises", thus bringing

them under the purview of competition law. A policy that elucidates the harmony between the two whilst clearly laying down limitations to intellectual property protection, including FRAND principles, would allow an increase in innovation and social benefits simultaneously.

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## LEGAL ISSUES INVOLVED IN THE MUSIC INDUSTRY

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-Anukriti Bhattad

A copyright is a form of legal protection given to the original works of authorship (literary, musical, artistic, dramatic work, sound recording and cinematograph film). For a work to be protected under copyright, it must be:

- i) 'original' which means it should not have been copied from another source
- ii) 'fixed in a tangible medium of expression' which means that it exists in some reasonably permanent or stable form so that a person can perceive or reproduce it
- iii) Have a minimum degree of creativity which is involved in creating the work



For a musician, copyrights can protect both songs, (which usually consist of a melody and includes lyrics if the song has words) and recordings (CDs, mp3s, cassettes and any other recordings). The 'fixed' requirement which is needed means that there does not exist any protection for a song that is only in a person's head. A song may be 'fixed' by writing it down, recording it, or even saving it to a hard drive of a computer. Playing a live song at a concert does not meet the 'fixed' requirement. However, if the live performance is recorded, it then fulfills the 'fixed' criteria to protect the song from copyright infringement.

Once an original work is fixed in a tangible medium, the creator of the original piece attains the copyright protection over the product automatically. Though registering the work with the Copyright Office could be done at the discretion of the owner, it is not mandatory to get it registered.

It is necessary to note that as per the Copyright Act 1957, if a person is hired by another person for the creation of the product, the copyright lies with the person who hired the person to do the work



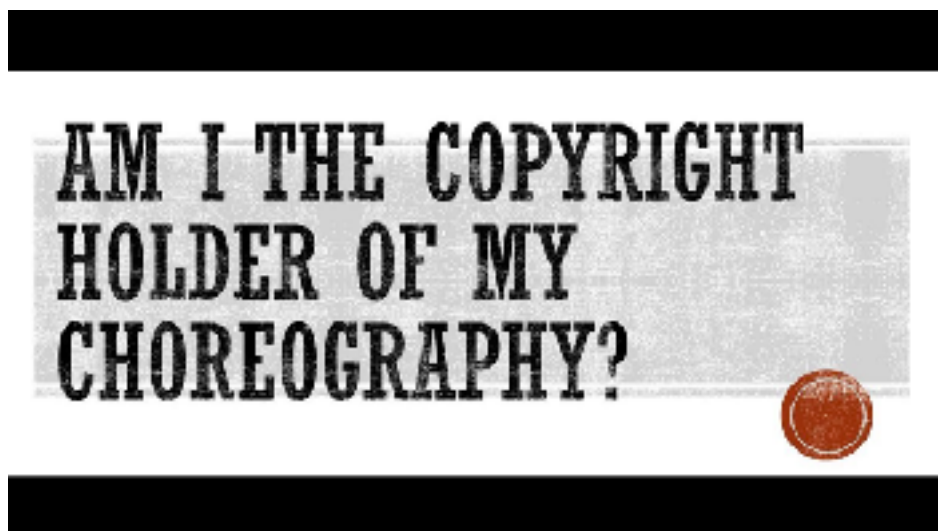
and not with the creator of the work. For example, a copyright of a photograph lies with the photographer. However, in the event that a photographer is hired by a person to click photos for a wedding ceremony, the copyright of the photos captured lies with the person who hired the photographer and not the photographer himself. A classic example of this is the case of *Amar Nath Sehgal v. Union of India*

In the case of a song, there are different copyrights which are vested over the different actors/ participants who come together for the production of the song. The lyricist have the copyright over the lyrics of the song which he has penned down. The music composer has the copyright over the music which is composed by him, which would also include the melody of the music produced. The producer has the copyright over the sound recording, i.e. the medium and format in which the song is recorded. The singer has performing rights which subsists over the song by the way the singer performs the song. Hence over one song there are several people who hold copyrights unlike a popular misconception according to which it is generally believed that the person who sang that particular song has a copyright over it.

## COPYRIGHTING CHOREOGRAPHY

-Lian Cicily Josesp

Fortnite is a game that hosts over 200 million registered players and generates hundreds of millions of dollars a month. Recently Epic Games, the creators behind the viral game were sued by an American Hip-Hop rapper 2 Milly who stated that the developers used a dance sequence referred to as "Milly



Rock" as an in-game emote that players can earn and access after spending actual money. Several prominent artists and dancers had in the past spoken about Epic Games' lack of accountability while using dance sequences without the consent of the creators. While most of the discussion around this lawsuit is with regards to the appropriation of black culture without benefits accruing to the creators, another fascinating question is whether their right exists in the very first place and while this is to be decided by the American courts it is interesting to note the position of law in India. The case of *Academy of General Edu Manipal and ors v B Malini Mallya* (2009) 4 SCC 256 will be referred to for this purpose.

The Cambridge Dictionary defines choreography as 'the skill of combing movements into dances to be performed' and is generally understood in a very broad sense to include steps and other aesthetic movements such as facial expression that have been deemed to be an essential part of certain modern choreographies. The main question is whether the law recognises this as copyright material. Section 2(h)

of the Indian Copyright Act 1957 (hereafter referred to as Act) defines 'dramatic work' and thus protects choreographic work.

In *Academy of General Edu Manipal and ors v B Malini Mallya* (2009) 4 SCC 256 the Supreme Court dealt with whether the respondent had acquired copyright via a bequest made in her favour with respect to Seven Yakshagana Prasanga which was developed by Dr Karanth who was employed at the appellant institute as a Director. The respondent claimed that they had acquired the copyright which essentially was a "creative extension of traditional Yakshagana" a form of ballet dance and the aforementioned Parasanga consisted of several changes made to the traditional attire, Raga, Tala, etc. The appellant had arranged for a performance of the dance at New Delhi prompting the respondent to file for an injunction stating that they had not taken her consent prior to the performance and also demanded for compensation. The Court while discussing whether or not this would be enough to qualify as an original piece relied on the decision of the Karnataka High Court where it was held that these changes involved use of the imaginative facilities of Dr Karanth and would be sufficient to fall within the scope of Dramatic work for the purpose of a Copyright. However, the court further mentioned that if a literary or dramatic work was used for a private purpose including education, criticism or research, no relief can be sought under section 52 for infringement of the said copyright no can an injunction be granted.

### **Coca-Cola Co. Vs Bisleri International Pvt ltd (2009), Delhi High Court**

-Raksha H R

This case deals with the infringement of trademark given under Section 29 of the Trademarks Act 1999 which states that it constitutes infringement when an unregistered proprietor or a person who has not been permitted to use the said mark uses the same which is identical or deceptively similar so as to be a detriment to the character or reputation of the registered trademark.

Plaintiff is a multinational company that operates to produce soft drinks in 200 countries. Bottlers are appointed by them for selling the beverages and for this purpose they are granted trademark license that belongs to the plaintiff. The defendant 1 used to be a part of Parle group of industries and in an agreement in

1993; the former transferred the intellectual property rights, know-how and good will of certain beverages to the plaintiff. The present case deals with one of those beverages namely 'Maaza'. Though the defendant 1 had the proprietorship of



its trademark, the base of this beverage belonged to an affiliate company which is now known as 'Bisleri sales Ltd' formerly known as 'Golden Agro Products Ltd.' Bisleri sales Ltd, which amalgamated with the defendant company. An agreement was drawn in 1993 which led to the transfer of know-how, trademark, goodwill to the plaintiff and a license agreement with Golden Agro Ltd. This agreement between Golden Agro Ltd and the plaintiff was entered into in 1994 by virtue of which the plaintiff contends that the entire rights over the trademark pertaining to Maaza has been transferred to them.

Subsequently, the plaintiff applied for the registration of this trademark in Turkey in 2008 which led to the present case because the defendants contend that the plaintiff was allowed to use the ownership of Maaza only in India and by applying for a registration in a foreign country, it had breached the agreement. A legal notice was sent by the defendant and it also included their intention to start using the trademark in India. Furthermore, the defendant had authorized third party to manufacture the beverage base of Maaza. The present case is filed by the plaintiff asking for a permanent injunction and damages against the defendant because they had ignored the complete, irrevocable transfer of trademark.

It was held that the court has the jurisdiction to pursue the case as per Section 134(2) of Trademarks Act 1999 because the cause of action arose wholly or partly within its local limits. The court also held that injunction would be granted restraining the defendant from manufacturing and exporting products with the mark 'Maaza' from India because the plaintiff was the owner of the trademark which established a prima facie case and the balance of convenience was also in favour of the plaintiff. If the injunction would not have been granted, it would have caused irreparable injury to the plaintiff. In the above case, when the agreement was fulfilled and the plaintiff was the sole owner of the trademark, the use of the same by the defendant in India or for the purpose of export would constitute a breach of the above agreement because it would be disadvantageous to the plaintiff. Since the plaintiff holds the entire ownership of the trademark, an application for registering the same in another country is valid. Hence, the court is right in granting injunction to the plaintiff in order to prevent the unjustified losses that they would face if the defendants were allowed to manufacture products and export them with the same name.



### Maaza War: Coke takes Bisleri to court

-Pranshu Singh

#### Facts:

Bisleri International Pvt. Ltd (Defendant) is an Indian beverages company, best known for bottled water. It sold and assigned the trademark 'MAAZA' including the right to formulate, intellectual property right and goodwill attached to the mark for India to Coca-Cola.

In the year 2008, the defendant filed an application for registration of trademark 'Maaza' in Turkey, and then started exporting the mango flavoured fruit drink with the mark 'Maaza'. Coca-Cola Co. (Plaintiff) filed a petition for permanent



injunction and damages for passing-off and infringement of trademark.

Issue:

Issue before the hon'ble Delhi High Court was, whether exporting a product with the mark is considered as infringement in the exporting country?

Decision:

It was held that exporting of goods from a country is considered as sale within the country from where the goods are exported and the same amounts to infringement of trademark. As the Defendant were manufacturing and exporting the product with the mark 'Maaza' from India, Delhi High Court had jurisdiction to entertain the matter. Court granted an interim injunction against Defendant from using the mark in India as well as for export market.

Is it trademark infringement?

Trademark has been defined as a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include the shape of goods, their packaging, and combination of colours.

Infringement of trademarks as per Section 29 of the Trademarks Act, 1999 is defined as a use of a mark, by an unauthorised or an authorised person or a person who is not the registered proprietor, which is identical or deceptively similar to the trademark in relation to the goods or services in respect of which the trademark is registered. In simple words, it is defined as the violation of exclusive rights that are attached to a registered trademark without the permission of the registered owner or licensees.

Trademark infringement is the unauthorized use of a trademark or service mark (or a substantially similar mark) on competing or related goods and services.

The success of an infringement normally turns on whether the defendant's use causes a likelihood of confusion and so weakens the value of the plaintiff's mark. A mark need not be identical to one already in use to infringe upon the owner's rights. If the proposed mark is similar enough to the earlier mark to risk confusing the average consumer, its use may constitute infringement if the services or goods on which the two marks are used are related to each other—i.e they share the same market.

## **The EU Copyright Directive in the Digital Market**

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-Chaitanya Sharma

The EU copyright Directive in the digital market [hereinafter referred as EU Copyright Directive 2016/0280(COD)], which is key component of the European Union's Digital Market project is quite a hot top considering the pending decision of the Trilogue being due for January 2019. The proposed directive is one of the most controversial and debated subjects in the continuously changing Digital Markets and takes a step ahead in evolving the current IP law to protect the interests of the creators in the contemporary world.



The EU Copyright directive tends to cover the inadequacies of the EU Copyright Directive 2001/29/EC, a directive which was enacted in the year 2001 to implement the World Intellectual Property Organization treaty, 1996. Even though the intention behind the proposed amendment to the EU Copyright directive was to protect the interests of the creators in the digital markets, the EU Copyright Directive 2016/0280(COD) has been a debatable topic, largely because of Article 11 and Article 13 of the proposed directive.

The directive has introduced a new concept which now being referred to as 'Link Tax' under Article 11 wherein publishers get copyright over "online use of their press publications by information society service providers". This has transferred the copyrights from the authors to the publishers of author's works, a right given by the EU copyright directive of 2001. The EU Copyright Directive 2016/0280(COD) if comes into force, will give rise to severe complications for various "news aggregators" such as Google as they'll have to give a share of their revenue to the news publishers for using their snippets on their site. This could probably set off a chain reaction across the nations that would result in affecting the working of Digital media across the world and even the use of internet among masses. At the same time, looking at it from the author's point of view, the law might help them earn extra revenue from various sites that use the snippets of their publications. Article 11 doesn't only focus on use of news by aggregators, but it also protects the use of copyrighted material and all other sought of copyrighted material like music etc

The other issue with the proposed directive is the shift in the onus creating liability for copyright infringement. Article 13 of the EU copyright directive states that the service providers that store and provide to the public access to large amounts of works or other subject-matter uploaded by their users shall, in cooperation with rightholders, take measures to ensure the functioning of agreements concluded with rightholders for the use of their works. This , to a large extent makes platforms like youtube, facebook, instagram liable for what its users post. This Article could raise the need for automatic filtering by the systems, something that would be a complicated and expensive setup. The directive if passed will give the member states a two year time period to implement the directive by forming laws for their individual countries to give effect to the provisions of the Directive.

## The Protection of Geographical Indication in India

-Ashray R Vishnu

The protection of geographical indication (GI) over the years, has emerged has one of the most important IPR (Intellectual Property Rights) issues in the WTO agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). TRIPS define GI as any indication that identifies a product as originating from a particular place, where a given quality, reputation or other





characteristics of the product are essentially attributable to its geographical origin. Also, a geographical indication gives the exclusive right to a region (town, province or country) to use a name for a product with certain characteristics that corresponds to their specific locations. E.g. Dharwad Pedas, Darjeeling Tea, Goa Fenny etc.

The Geographical Indications of Goods (Registration and Protection) Act, 1999 protect the GI's in India. Registration of GI is not compulsory in India. If registered, it will afford better legal protection to facilitate an action for infringement.

#### Need for Legal Protection of GI

Given its commercial potential, legal protection of GI assumes enormous significance. Without suitable legal protection, the competitors who do not have any legitimate rights on the GI might ride free on its reputation. Such unfair business practices result in loss of revenue for the genuine right-holders of the GI and also misleads consumers. Moreover, such practices may eventually hamper the goodwill and reputation associated with the GI.

#### International Protection for GI under TRIPS

At the international level, TRIPS set out minimum standards of protection that WTO members are bound to comply with in their respective national legislations. However, as far as the scope of protection of GI under TRIPS is concerned, there is a problem of hierarchy. This is because, although TRIPS contain a single, identical definition for all GI, irrespective of product categories, it mandates a two-level system of protection:

- i) the basic protection applicable to all GI in general (under Article 22), and
- ii) additional protection applicable only to the GI denominating wines and spirits (under Article 23).

A producer not belonging to the geographical region indicated by a GI may use the indication as long as the product's true origin is indicated on the label, thereby free-riding on its reputation and goodwill.

#### Case Study - Darjeeling Tea

Tea is India's oldest industry in the organized manufacturing sector and has retained its position as the single largest employer in this sector. India is also the world's largest consumer of tea. However, on the export front India is facing huge competition from other key tea producing countries, such as Kenya, Sri Lanka and China.

Darjeeling' tea is a premium quality tea produced in the hilly regions of the Darjeeling district West Bengal-a state in the eastern province of India. Among the teas grown in India, Darjeeling tea offers distinctive characteristics of quality and flavour, and also has a global reputation for more than a century.

#### Why Protect "Darjeeling Tea" as Geographical Indication

An adequate legal protection is necessary for the protection of legitimate right holders of Darjeeling tea from the dishonest business practices of various commercial entities. For instance, tea



produced in countries like Kenya, Sri Lanka or even Nepal has often been passed off around the world as 'Darjeeling tea'. Appropriate legal protection of this GI can go a long way in preventing such misuse.

Without adequate GI protection both in the domestic and international arena, it would be difficult to prevent the misuse of Darjeeling Tea's reputation, wherein tea produced elsewhere would also be sold under the Darjeeling brand, causing damage to consumers and denying the premium price to Darjeeling tea industry. The industry is now waking up to the fact that unless Darjeeling Tea is properly marketed and branded, the survival of the industry may be at stake and GI protection along with stringent enforcement can go a long way in helping the industry to improve its financial situation.

#### Evolution of Legal Protection

The first attempt on the part of the Tea Board of India towards protection of the 'Darjeeling' brand was undertaken way back in 1983, when the 'Darjeeling' logo was created. In the absence of a separate law dedicated exclusively to GI's in India during that time, the word 'Darjeeling' was also registered under the Trade and Merchandise Marks Act 1958 in class 30 in the name of Tea Board in 1998.

When the Geographical Indication Act in India was enacted in September 2003, the Tea Board applied for GI protection of 'Darjeeling' in October 2003. In October 2004, Darjeeling was granted the GI status in India to become the first application to be registered in India as a GI.

#### Enforcement Steps Taken by The Tea Board of India

In order to prevent the misuse of 'Darjeeling' and the logo, the Tea Board has since 1998 hired the services of Compumark, a World-Wide Watch agency. Compumark is required to monitor and report to the Tea Board all cases of unauthorized use and attempted registration. Several cases of attempted registrations and unauthorized use of 'Darjeeling' and Darjeeling Logo have been reported.

The tea board tried to prevent unauthorized use or attempt or actual registration of Darjeeling word/ logo that were brought to its notice. For example, Bulgari, Switzerland agreed to withdraw the legend 'Darjeeling Tea fragrance for men' pursuant to legal notice and negotiations by the Tea Board. The Tea Board has fought almost 15 cases in the last four years against infringement and misuse of the word Darjeeling Tea worldwide which includes Russia, USA, Japan, France, Germany, Israel, Norway and Sri Lanka etc.

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## Editor's Note

The Intellectual Property Rights Committee presents to you yet another monthly edition of their Newsletter 'Intellectualis'.

With the New year round the corner, we are looking forward to more and more valuable inputs from the student body this year as well. We hope that this year also you keep sending us interesting articles and case analysis's. As the year progresses we aim at informing maximum number of students about the developments that take place in the IP sector through our newsletters.

We would like to extend our gratitude to the student body of School of Law, Christ (Deemed to be University). We would also like to thank our Chairmen Dr. Avishek Chakraborty and Dr. Jayadevan Nair for constantly supporting us and guiding us through the drafting of this newsletter.

We hope that you enjoy reading our newsletter this month!

Suramya Uppal

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