IP Case Law Developments

Dear Readers,

This is an experimental column on case law analysis which will examine a few interesting cases with emphasis on how principles of law are applied to each individual case. Give us your views regarding this feature as well as feedback on the other regular features in the journal. Please send your feedback to the following email id.

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Law acquires a relatable meaning when interpreted in the context of facts emerging out of real life situations. The concept we read in intellectual property law becomes clear only when it is analysed in the context of how a court has interpreted it in the given set of facts.

However, most of the readers of this magazine are not lawyers and do not get to read the regularly reported cases. The attempt in this article is to summarize some of the recently reported cases to enable the readers to understand how the courts have applied the law. Obviously it is neither practical nor necessary to summarize all of the reported cases. The cases summarized here are chosen as they convey a certain principle. To ensure that readers do not get detracted by other details, the issues other than the main principle being explained in the judgement have been left out.

This summary is intended only to kindle the interest of a knowledge-seeking mind to go through the full text of the cases and is not intended to be a definitive statement of law or a complete summary of the judgements involved.

The cases are chosen from the cases reported in ‘The Patents and Trade Marks Cases’, a leading law journal of intellectual property rights. In this article, the cases reported in the months of May and June 2006 are covered.

Copyright Law
Performers in a Digital World

Digital era has brought enormous possibilities for art and cinematography, but it also poses risks for the performers. With sound engineers in a position to manipulate and mix voices, vocal performers have reasons to worry. The case of Neha Bhasin v Anand Raj Anand & Anr [2006 (32) PTC 779 (Del)], deals with the issues relating to protection of performers rights in the digital era, and reminds us of the need to make our law compatible to the WIPO Phonogram and Performers Treaty (WPPT) which was drawn up to protect the rights of performers in the digital age.

The plaintiff, Neha Bhasin, a singer claimed that her voice has been used by the defendants for the song ‘ek look ek look’ in the Hindi film ‘Aryan’ produced by the defendant no 2 (Poonam Khubani). The plaintiff alleged that she was not given credit in the subtitles and the defendant no 2, Poonam Khubani, in connivance with the music director who is defendant no1, Mr Anand Raj Anand has shown herself to be the singer with the plaintiff only as a back up singer.

The factual matrix can be summarized as follows. On the request of the defendants, the plaintiff Neha Bhasin went to the studios and got her rendition of the song recorded in April 2005. The defendants postponed the payment for the song stating that the plaintiff would be suitably compensated if the song gets popular after its release in the market.

One fine day in February 2006, the plaintiff, Neha Bhasin heard the said song sung by her on TV but noticed that it was not her name that was displayed as singer but the name of defendant no 2, Poonam Khubani. The CDs and cassettes containing the song also credited the song to Poonam Khubani. She approached the court pleading that this action of defendants amounted to infringement of performers rights provided in the Copyright Act, 1957.

To understand this case it is necessary to understand the process whereby a song is recorded. Once the vocal rendition of a song is recorded in the studio, the vocals are ‘mixed’ by a sound engineer with the instruments and other vocals. The technology therefore permits various contributors of a song to
participate in the process of recording a song at different times, according to their convenience. In the process of mixing when the two vocals are being overlapped or ‘layered’ the sound engineer uses more number of layers of the lead vocalist’s voice and fewer layers of the back up vocalist’s voice.

The defendant set up a two-pronged defence: one based on facts and other based on law. They agreed that Neha Bhasin was called to audition for the song. The defence on facts was based on an affidavit filed by the sound engineer, he claimed that he was given two recordings of the impugned song with the instruction to create a song with Ms Poonam Khubani as the lead vocalist and Ms Neha Bhasin as a back up vocalist. Working on these instructions he stated that while creating the first master recording he mixed/overlapped the recording containing Ms Poonam Khubani’s vocals with recording of Neha Bhasin. According to him this was done in a manner where greater number of layers of Poonam Khubani’s voice was mixed with fewer layers of Neha Bhasin’s vocals. So the case of the defendants is that Poonam Khubani’s voice was consciously layered with the voice of plaintiff in such a way that a greater number of defendant no 2’s layers was mixed with fewer layers of plaintiff. And therefore, defendant no 2 was rightly described as the lead female vocalist and plaintiff as the back up vocalist. Consequently they claimed that the credits attributed in the song and the CD is correct.

The Court adopted the tools of technology and got the voices of the plaintiff and the voice of the defendant in the song separated in two different CDs. The rendition of the lyrics was then compared for each couplet in the lyric. The Court found that it was incorrect to say that the voice of the plaintiff was layered with the voice of the defendants. It was clear that the plaintiff is the lead vocalist in all the versions of the song. Thus the plaintiff’s claim that instead of defendant (Poonam Khubani)’s name, her name should have been shown as the lead singer and that her name was mischievously shown only as a back up vocalist was thus established.

The second layer of defence was based on law. They asserted that the plaintiff had no copyright but only a performers’ right as per Copyright Act 1957. The performer’s rights sustain only in live performances and not sound recordings. Once agreed to create a sound recording, the performers have no right.

The Court examined the provisions relating to performers in the Copyright Act. The definition of ‘performer’ in Section 2(q) of the Copyright Act includes singer. Section 2(q) defines performance in relation to performer’s right to mean any visual or acoustic presentation made live by one or more performers. Every performance has to be live in the first instance, whether before an audience or a studio. If this performance is recorded and thereafter exploited without the permission of the performer, then performer’s right is infringed as per Section 38 of the Act. So the court concluded that as regards performer’s right, the plaintiff has a triable case.

But, The Court held that, dehors Copyright Act, the plaintiff relationship with defendants created quasi contractual obligations. Section 70 of the Indian Contract Act provides that when a person lawfully does or delivers anything for another, not intending to do so gratuitously, and such other person enjoys the benefit thereof, the latter is bound to make compensation to the former. The plaintiff had lawfully done something for the defendants who enjoyed the benefits of it as they brought out cassettes of the song with her voice. By not mentioning her as the lead singer the defendants have caused grave harm and injury to the plaintiff.

The Court also observed that the question of giving appropriate credit for services rendered as an interim relief was decided by the Supreme Court in Suresh Jindal v Rizsoli Corriere Della Sera Prodizioni TV, 1991 Supp (2) SCC 3. In this case, the Supreme Court found that the appellant therein was entitled to due acknowledgement as the co-producer of a cinematograph film as the appellant did play some part in making the film possible, whether there was a concluded contract or not. Based on this decision, the court ordered that plaintiff should be given due acknowledgement in the form of credits for having sung the song.

Readers may please recall that the moral rights under Section 57 of the Act which enables an author to claim authorship of the work is limited to authors does not extend to performers. The WPPT mandates extension of moral rights to performers. If our law is amended to make it compatible with WPPT, moral rights including the obligation of giving due credits will extend to performers also. WPPT also protects the integrity of performers work, as digital technology enables manipulation of the work in ways not known before as this case itself shows.
Part (ner) with Care

When relationships turn sour and partners part, the question of ownership of assets is bound to occur. With most work being done on computers, the ownership of data stored therein becomes a subject of dispute. Diljeet Titus Adv & Ors v Alfred A Adebare & Ors [2006 (32) PTC 609 (Del)] is a case where the ownership of data stored in computer was the key issue.

The dispute in this case was between an advocate and his associates who copied the data available on the computer of the firm while parting ways. The judgement begins by observing that the environment of cutthroat competition has changed the nature of legal practise at the cost of traditional norms. The growth of law firms where advocates specializing in different fields work under one roof requires a greater degree of understanding in the definition of relationships between the advocates. This dispute probably could have been prevented if there was proper understanding of the relationship when it was formed and memorialised appropriately.

In a nutshell, the controversy revolves around the nature of relationship, which the parties got together to carry on their profession as advocates. The defendants who were working in the plaintiff firm M/s Titus and Company decided to part and the parting was not amicable. The allegation is that they took away data belonging to the law firm stored in its computers by making an unauthorized copy. The data that is alleged to have been taken away by the defendants was two fold: (i) list of clients and law firms; and (ii) opinions and advises given to clients.

Copyright law treats computer databases as literary works. As per Section 17 of the Copyright Act, author is the first owner of copyright. This section also sets out certain general exceptions to this rule. Section 17(c) deals with work produced in the course of the authors’ employment under a contract of service in which case the employer shall be the first owner of copyright, in the absence of any agreement to the contrary. So, in a ‘contract of service’ where there is an employer employee relationship, there is transfer of copyright ownership to the employer by virtue of Section 17 (c). This does not apply in cases of ‘contract for service’ where there is no employer employee relationship and the general rule that the author is the owner of copyright will apply. A large part of this case revolves around the distinction between these concepts.

In the pleadings, the plaintiff claimed that the defendants were under a contract of service, working under the supervision and control of the plaintiff. The defendants denied that there was any employer employee relationship and claimed that they stood at par with each other in the firm and the plaintiff did not enjoy a better status inter se or that of a sole proprietor. Using the name of the plaintiff firm in their operations was only an arrangement and they independently exercised their professional skills and knowledge and were at sole discretion to advice and serve the clients without any supervision from the plaintiff and hence there was no employer employee relationship. They claimed ownership of copyright in the data they took, as it was created independently during their advising and counselling of clients. The issue is whether there are exclusive rights of any of the parties in the data in dispute or whether, in the alternative, what is created belongs to all (joint right) and not exclusively to plaintiff.

The plaintiffs also pleaded that the data in issue even if generated by the defendants, were generated during the course of employment with the plaintiffs rendering professional service to the clients. Such data is hence privileged and confidential under the provisions of the Indian Evidence Act (Section 126 of the Indian Evidence Act prohibits the disclosure of professional communication between an attorney and his client). Plaintiffs pleaded that the data is confidential and they alone are entitled to the possession of the data copying of which exposed the plaintiff to the risk of consequence from their clients.

The Court found that the work falls within the definition of literary work within the meaning of Section 2(o) of the Copyright Act as the definition includes computer database. When in a solicitors firm if an employee drafts a document or an agreement or sale deed it is the employer who is the first owner of copyright therein. The legal pronouncements also makes it clear that copyright exists not only in what is drafted and created but also in list of clients and addresses designed by an advocate or a law firm The key issue is to determine whether there was a contract of service.

To determine whether there is contract of service court emphasized on the principles of control. However, control in itself is not sufficient and other factors like ownership of tools, chance of profit, and risk of loss are important. The crucial question is whose business it is. In the present case, the Court
found that the plaintiff owned the infrastructure and the tools of which the defendants did not even claim a share while parting. There was no risk of loss to the defendants and when they were working in the plaintiff’s firm they were not sharing profits but were getting varying receipts depending on the services rendered. The methodology of running the organization showed that the control of business was with the plaintiff. Based on all these factors the court ruled that the relationship between plaintiff and the defendants is one of contract of service.

The Court also held that the information shared between the client and the advocate is of the nature of confidential information. The defendants did not work for the clients but for the plaintiff firm and so when they take away a copy of the information, it is unauthorized use of the information. Section 16 of the Copyright Act itself emphasises the aspect of confidentiality dehors even the rights under the Copyright Act. The Court held that the defendants couldn’t use the agreements, list of clients and all such materials which als come to their knowledge or has been developed during their relationship with plaintiff, which is per se confidential.

However, the Court also held that the defendants are free to carry on their profession, utilize the skills and information they have mentally retained during the course of their relationship and they are being restrained only from using the copied material of the plaintiff in which the plaintiff alone had the right.

Trademark Law

Battle of Milk Giants

The importance of trademark law as an instrument to protect the brand value is exemplified in a dispute, which can easily be regarded as battle of giants in milk and milk product market. If Amul is a familiar brand around the country, Mother Dairy is equally familiar milk and milk products brand in and around Delhi. Both these brands are owned by milk cooperatives and are success stories of white revolution. The bone of contention in Mother Dairy Fruit & Vegetables P Ltd & Anr v Gujarat Cooperative Milk Marketing Federation Ltd & Ors [2006 (32) PTC 593 (Del)] is ‘Mother Dairy’ trademark.

The plaintiffs who deal with milk and milk products, mainly in Delhi, claimed to have adopted Mother Dairy as a trademark since 1974. According to them, this trademark has acquired distinctive status, particularly in Delhi and the adoption and use of the mark vested the plaintiff with a legal common law right to bring an action for infringement.

The defendants are dealing with milk and milk products under the trademark ‘Amul’ since 1946. They have adopted and used marks such as Amul, Sagar, and Snowcap and never used Mother Dairy in relation to milk and milk products. The plaintiff’s case is that the Defendants have now started using the word ‘Mother Dairy’ in their territories on certain milk products like ice cream with an obvious motive to create confusion and deception among members of the trade and public at large.

According to the defendants, Mother Dairy is a concept and an organisational structure created with the efforts of Gujarat Cooperative Milk Marketing Federation/Amul. Mother Diaries have been formed to meet the liquid milk demand of metro cities by procuring milk from cooperative societies. Mother Dairy has been used as a trademark or a brandname by different cooperative organizations since their inception. It was pleaded that it is a generic name, common to the trade and no monopoly can be granted to anyone.

The plaintiff’s contentions appeared to be grounded on first principles of trademark law. Section 2(zb) of the Trademarks Act (which gives the definition of ‘trademark’) read with Section 2(m) of the Trademarks Act (which gives the definition of Mark), makes it clear that trademark refers to a mark capable of distinguishing the goods or services of one person from those of others and to a mark which indicates the connection between the goods and the person who produces it. According to the plaintiffs, Mother Dairy is a mark used by the plaintiff in contradiction to the prominent marks, Amul or Sagar used by the defendants. According to them the use of the word Mother Dairy on the packages of the defendant is a mere description of the manufacturing unit, like Mother Dairy Gandhinagar. It is a mere disclosure of information where the good is manufactured.

The Court found that the defendants have been carrying on sale of milk and milk products with the trademark ‘Amul’ for a very long time. Their milk products like ice cream were particularly titled with definite colour scheme and design as Snowcap ice cream. It had also printed the ‘Mother Dairy’ name at the back of their packing to indicate the manufacturing unit. But in November 2004, they decided to extinguish the word Amul and sell their
milk and milk products under the predominant name and style, Mother Dairy, completely eclipsing years of reputation of trademark, Amul. This act, The Court found as one lacking bonafide.

The Court also held that Mother Dairy may have been a concept and can even said to be a generic term but it has been bonafidely adopted and used in relation to manufacturing and sale with a particular colour scheme and design by the plaintiff for a considerable time in Delhi and consumers have associated the mark with the plaintiff. Mother Dairy mark in relation to milk and milk products in Delhi is relatable to plaintiffs and hence it was held that the defendant's action infringes their rights in law.

The Real Value of a Brand

Burnol is a trademark familiar in most Indian households. The issues relating to valuation and assignment of this mark was the central issue in Poysa Power Generation Pvt Ltd v Doctor Morepen Ltd & Anr [2006 (32) PTC 643 (Del)].

The plaint in this case was for a permanent injunction restraining the defendant, Dr Morepen from using the trademark Burnol and for recovery of a sum of Rs 24 lakhs as royalty and fee payable by Dr Morepen to Poysa for permitted use of the trademark Burnol. To appreciate the dispute correctly we need to look at the background.

Morepen Labs acquired the trademark Burnol from the then owner M/s Rickitt Piramal in 2001. The trademark was assigned to Dr Morepen, through an assignment deed, technology transfer agreement and a marketing know-how agreement. The payment in respect of all these documents amounted to Rs 8.95 crores.

For some of its operations, Morepen Labs, which is a sister company of Dr Morepen required some finances and took an inter corporate deposit of Rs 5 crore from one M/s Morgan. This loan was not repaid by Morepen Labs on or before due date. On or about 5th April 2004, Morgan sought to execute a Judicial decree to attach bank accounts of Morepen Labs. On that day they entered into an understanding for repayment. A part of the understanding was that the trademark Burnol would be pledged to Morgan and pledge would be discharged on receipt of decretal amount.

Records show that on 19th April 2004, Dr Morepen unconditionally assigned the trademark Burnol to Poysa, the plaintiff in this case, for a sum of Rs 10 lakhs. On the same date several other documents were executed by Dr Morepen including a technology transfer agreement, marketing knowhow agreement, for an amount of Rs 10 lakhs, thus the total transaction as per records costing a mere Rs 20 lakhs. A permitted user agreement was also entered between Dr Morepen and Poysa whereby Poysa permitted Dr Morepen to use trademark, Burnol, as a licensee upto 30th April 2005, subject to renewal, for a monthly royalty of Rs 2 lakhs or commission.

After the expiry of this permitted use period, Poysa filed a suit for a permanent injunction restraining Dr Morepen from infringing trademark, Burnol.

On their part Dr Morepen and Morepen Labs pleaded that the documents assigning trademark Burnol to Poysa was never intended to be acted upon and that they were nominal documents and so they filed a suit for cancellation of the assignment deed. Poysa pleaded that all these documents should be given effect to and after the expiry of the permitted use period Dr Morepen should not be allowed to continue to manufacture and market Burnol since it infringed the statutory rights now owned by Poysa.

The Court observed that there seem to be no reason why Dr Morepen who had purchased the trademark Burnol for a sum of Rs 8.95 crores in 2001 should assign it to Poysa for a sum of Rs 20 lakhs. This was all the more inexplicable so as the current value of Burnol trademark in the market is estimated to be about Rs 12 crores. There was nothing on record to show that there was any negotiation between Morepen Labs and Poysa for assignment of the trademark Burnol. The only transaction on record was between Dr Morepen and Morgan.

However, The Court found that at least two Directors of Morgan and Poysa seem to be common leading to the conclusion that they are sister companies. The payment of Rs 20 lakhs paid in consequence of the above agreements was not encashed by Dr Morepen though Poysa registered the assignment of trademark at the Trademark Registry. The Court also found that this transfer deeds were not accompanied by any negotiations. A very significant aspect of the entire transaction is that it has not been disclosed in the annual report or the balance sheet of Poysa. Not only that the balance sheet does not show the trademark, Burnol as an asset, the annual report stated that Poysa has not started business operations. The debtor creditor relationship, which is now sought to be asserted by Poysa, was not reflected in its balance sheet.
The Court found that the alleged transaction where Burnol was pledged was only a nominal transaction and refused to grant injunction sought against Dr Morepen. The Court’s observation, which is, reproduced below show how the court appreciated the public interest concerns in deciding this dispute.

“The balance of convenience does not lie in favour of Poysha. It has not, on its own showed commencement of any business activity. The burns cream, Burnol has been in use in India for the last several years if not more. If its manufacture and production is stalled because of the inability of Poysha to manufacture the product, it will cause irreparable injury to consumers of burns cream. Consequently, it will be in the interest of the consumers, if the position as it exists today is allowed to continue till the disposal of the suit.”

**Patent Law**

**Opposition Proceedings**

For the students of patent law, the order of Assistant Controller of Patents in Stoplik Services India Pvt Ltd v Panacea Biotec Ltd [2006 (32) PTC 811 (CPD)] gives a good understanding of opposition proceedings in Indian Patent Act, 1970. Section 25 of the Indian Patent Act lays down the grounds on which an opposition can be filed before the Controller against the grant of a patent for an application that has been published but patent has not been granted.

An application for patent was filed on 14th July 1998 by M/s Stoplik Services Pvt Ltd, an Indian company for their invention: “A process for preparation of a therapeutic anti-inflammatory and analgesic composition containing Nimusulide for use transdermally”, accompanied by complete specification. The said application was derived out of an earlier application no 203/BOM/1997 antedated to 04-04-1997, which was accepted and notified in the Gazzette of India. Hence the relevant date for the patent application under consideration is 4 April 1997.

The grounds of opposition in brief were: ‘wrongfully obtaining’, ‘prior publication’, ‘prior claiming’, ‘prior public knowledge’ and ‘prior public use in India’, ‘obviousness and lack of inventive step’, ‘not an invention within the meaning of the Act’, ‘insufficiency of the described method as defined in the complete specification’, and ‘failure to disclose information required under Section 8 of the Act’.

On the first ground of ‘wrongfully obtaining’, it was claimed that the matter contained in the application under opposition is identical or substantially identical to the matter contained in another application 1389/Del/1995. But the controller found that the application 1389/Del/1995 was not published before filing of the applicant’s invention. The law on this point was elaborated as that an application of patent can be refused only if a clear case of obtaining was made out by the opponent with sufficient evidence. The reason is that the opponent always has an opportunity of having the question tried by courts on a petition to revoke the patent. Also, other grounds of opposition are there to deal with the issue of substantial similarity. Hence, it was held that opponent failed to establish the case on this ground of ‘wrongfully obtaining’.

On the ground of ‘prior publication’ the opponent listed a number of patents where the claims in the impugned patent were described and challenged the novelty of the application. It was pleaded that the invention described in the application was anticipated by these patents applied and granted in India and other countries.

As per the law laid down by courts, the publication relied on by the opponent for the ground of novelty must satisfy the following requirements:

(i) it must have been published before the priority date of the claim which is under opposition;
(ii) such publication may include any specification filed in pursuance of an application for patent made in India or any other document published elsewhere;
(iii) the impugned claim must be contained in any of these publications.

The opponent cited several patents, but since applicant’s patent application was antedated, it pre-dated most publications. But, two patents published and granted in Sri Lanka and Nigeria pre dated the impugned application. What is required if these two patents make the grant of patent under opposition illegal under patent law?

If the claimed process and a known process are identical with respect to the starting material and reaction conditions and yield identical products, then novelty is destroyed. The following questions were relevant:

(i) did the previous document relied on disclosing the invention in such a way as to make it part of the state of the art?
(ii) did the document make available necessary information to destroy the novelty of the invention?

A claim-by-claim comparison of these applications yielded affirmative answers to the above questions. Hence it was held that the opponent could establish that the invention lacked novelty. On these reasons the opponent succeeded on the ground of prior publication also.

The opponent could also produce evidence of availability of the product relating to Nimesulide gel/topical and transdermal composition in the Indian market since July 1996 (even before the antedated application was filed) and hence could succeed on the ground of prior public knowledge and public use in India [Section 25(1) (d)].

A patent is said to be anticipated if the previous published specifications contain clear and unmistakable directions to use it. The comparison of the claims in the application and the previous patent applications showed that a man with ordinary skill in the art could have no difficulty in carrying out the applicant’s invention into practise with the help of these published applications. Hence applicant’s invention was held as completely anticipated.

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