



Lakshmikumaran
& Sridharan
attorneys

IPR

amicus

An e-newsletter from
Lakshmikumaran & Sridharan, India

December 2018 / Issue-87

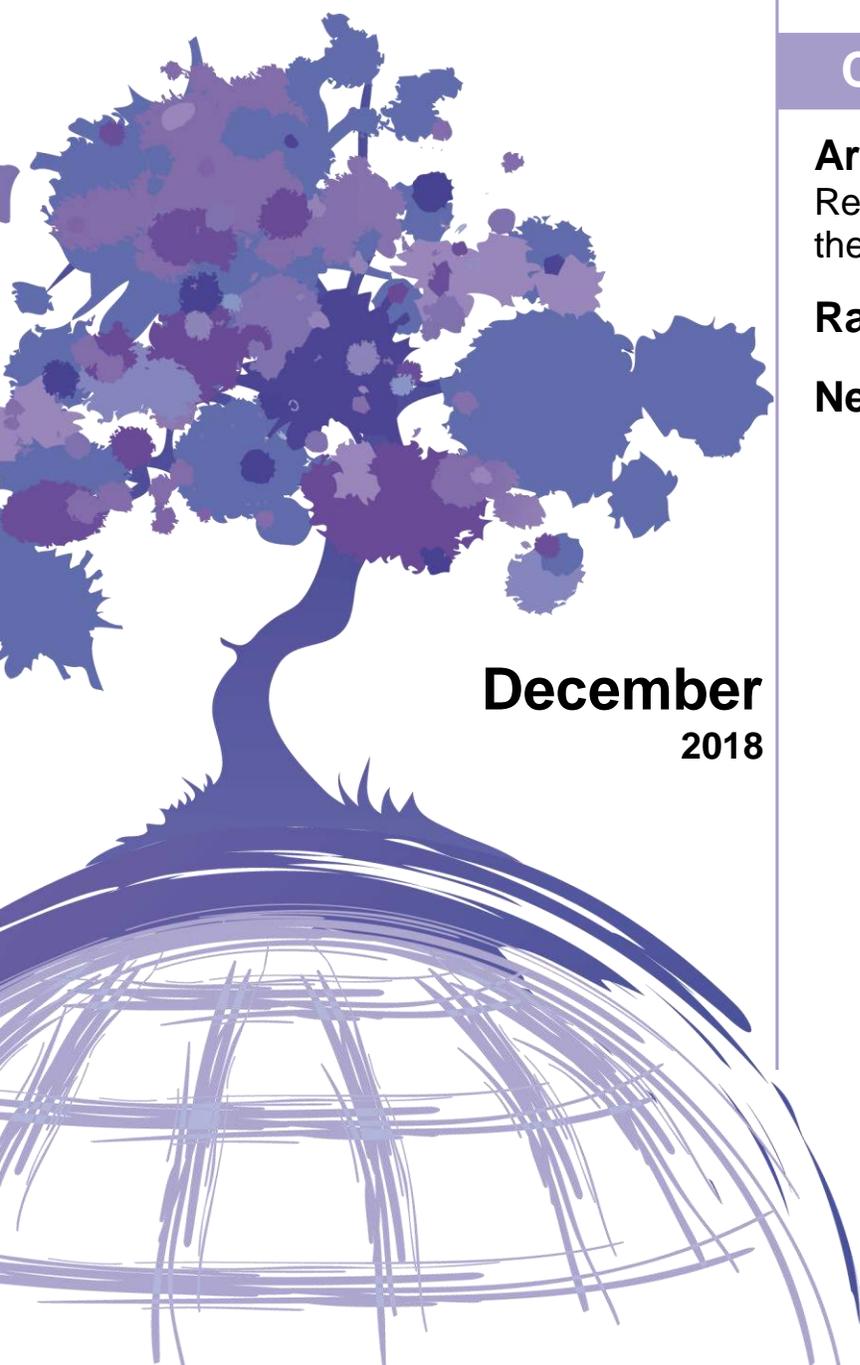
Contents

Article

Regularization of non-compliance with
the Biological Diversity Act, 2002.....2

Ratio Decidendi.....4

News Nuggets6



December
2018



Article

Regularization of non-compliance with the Biological Diversity Act, 2002

By **Dr. Deepti Malhotra** and **Dr. Malathi Lakshmikumaran**

Biological diversity or biodiversity encompasses the entire species of plants, animals and microorganisms, including variability and their immense ecosystems¹. India is one of the megadiverse countries with hotspots of biological diversity and associated traditional knowledge on plants and animals ranging from crop plants with wild relatives to native plants to farm livestock². There are four biodiversity hotspots in India³. India, as one of the members of the Conservation on Biological Diversity (CBD) since 1994 abides by its three objectives, which are “*conservation of biodiversity, sustainable use of its components, and fair and equitable sharing of benefits arising out of the use of these resources*”. Considering Article 6 and Article 15 of the CBD, India regulates access to biological resources under its national biodiversity strategy and action plan under the Biological Diversity Act, 2002⁴ (hereinafter the ‘Act’), and its corresponding Biological Diversity Rules, 2004⁵ (hereinafter the ‘Rules’), which came into force on 1st of July 2004⁶.

Despite the existence of said Act and Rules for over a decade now, it has been brought to the notice of the Ministry of Environment, Forest and

Climate Change (hereinafter the “Ministry”) by the National Biodiversity Authority (hereinafter the “NBA”) that there are a large number of entities/persons (hereinafter the “Applicants”) who are not fully aware of the provisions under the Act namely, Sections 3, 4, 6 and 20⁷, but are desirous to comply with the same. In consideration of the same and to give an opportunity to Applicants to comply with the Act, in exercise of the powers bestowed by Section 48 of the Act, the Ministry felt that there is a requirement to provide an opportunity to such entities/persons who are required to obtain prior approval for undertaking activities under the aforesaid Sections, including access to biological resources, *namely,*

- *obtaining any biological resource occurring in India or knowledge associated thereto for research or for commercial utilization or for bio-survey and bio-utilization;*
- *transferring the results of any research relating to any biological resources occurring in, or obtained from, India for monetary consideration;*
- *applying for any intellectual property right, by whatever name called, in or outside India for any invention based on any research or information on a biological resource obtained from India;*
- *transferring any biological resources or knowledge associated thereto occurring in,*

¹ Section 2 (b) of Biodiversity Act, 2002: “biological diversity” means the variability among living organisms from all sources and the ecological complexes of which they are part and includes diversity within species or between species and of eco-systems;

² <http://nbaindia.org/uploaded/Biodiversityindia/NBAP.pdf>

³ http://www.bsienvnis.nic.in/Database/Biodiversity-Hotspots-in-India_20500.aspx

⁴ http://nbaindia.org/uploaded/act/BDACT_ENG.pdf

⁵ <http://nbaindia.org/content/17/20/1/rules.html>

⁶ <http://nbaindia.org/content/19/16/1/faq.html>

⁷ http://nbaindia.org/uploaded/act/BDACT_ENG.pdf

or obtained from, India for which an approval from NBA has been granted, for monetary consideration;

that relate to past activities as specified above and consequently, released an Office Memorandum (hereinafter the "OM") on September 10, 2018, giving 100 days for all Applicants to regularize past non-compliance. The NBA has been directed that within the 100 days from the date of issuance of the OM it shall take decisions, including course of action for matters related to the past non-compliance.

The OM directs the NBA to hear all such cases where prior approval under Sections 3, 4, 6 or 20 of the Act was required but the Applicants did not apply or obtain the same by filing of the requisite forms - Form I, Form II, Form III, and Form IV. These approvals are required for the following activities:

- approval of the NBA for access to biological resources and associated knowledge for research or for commercial utilization: Form I, under Section 3 of the Act and Rule 14 of the Rules;
- approval of the NBA for transferring results of research, relating to biological resources obtained from India, for monetary consideration to foreign nationals, companies and Non-Resident Indians (NRIs): Form II, under Section 4 of the Act and Rule 17 of the Rules;
- approval of the NBA for applying for a patent or any other intellectual property right based on research on biological material and knowledge obtained from India: Form III, under Section 6 of the Act and Rule 18 of the Rules; and
- approval of the NBA for persons who have been granted approval for access to biological resources and associated

knowledge, but who intend to transfer the accessed biological resource or knowledge to any other person or organization: Form IV, under Section 20 of the Act and Rule 19 of the Rules.

However, it is important to note that the transfer of materials under Section 20 of the Act may only be allowed if an application under Form I, and/or Form III has been previously approved.

However, it is to be noted that before passing any such order/decision, the NBA shall take into consideration scientific evidence of damage that might have been caused. Further, the OM directs that the NBA shall ensure that only those cases are regularized which would have been otherwise approved in the event the concerned Applicants had applied for prior approval as directed under the Act.

Importantly, the OM gives an opportunity to all the Applicants falling within the purview of Section 3(2)⁸ of the Act to get absolved of all the violations pertaining to Sections 3, 4, 6, or 20 of the Act, that might have been caused due to their past activities. For Applicants falling under Section 7 of the Act, *i.e.*, a citizen of India or a body corporate, association or organisation which is registered in India, the State Biodiversity Board (SBB) is the competent authority for regularising the non-compliance with the requirement of giving prior intimation to the SBB for obtaining biological resources for commercial utilisation or bio-survey and bio-utilisation. Importantly, for the

⁸ Section 3(2) of Biodiversity Act, 2002: The persons who shall be required to take the approval of the National Biodiversity Authority under sub-section (1) are the following, namely:- (a) a person who is not a citizen of India; (b) a citizen of India, who is a non-resident as defined in clause (30) of section 2 of the Income-tax Act, 1961 ; (c) a body corporate, association or organization- (i) not incorporated or registered in India; or (ii) incorporated or registered in India under any law for the time being in force which has any non-Indian participation in its share capital or management.

Indian applicants, even the prior intimation requirement under section 7 is not applicable for accessing biological resources for research *per se*. Further, access to germplasms for conventional breeding is also exempt under the definition of commercial utilization under Section 2 of the Act⁹. Another exemption is to applicants under Protection of Plant Varieties and Farmers' Rights Act, 2001, who are not required to obtain an approval from the NBA. However, all persons and entities, even Applicants falling under Section 7 of the Act, are required to apply at the NBA for prior approval by filing Form III before the date of grant of the corresponding application to obtain IPR¹⁰ such as applications for Patents in India or any other foreign jurisdiction, and the

OM extends the privilege to past violations under the Act.

Therefore, in view of the limited time-period accorded by the Ministry, it is recommended that all Applicants may make applications / representations before the NBA for regularisation of past non-compliances within the 100 days period permitted by the OM. The NBA has been implementing the OM in the right spirit as can be seen from the large number of applications that have been considered and approved in the decisions of 48th¹¹ and 49th¹² NBA meetings.

[The authors are Senior Patent Analyst and Executive Director, respectively, in IPR Practice Team, Lakshmikumaran & Sridharan, New Delhi]



Ratio decidendi

Trademarks – No passing-off of mark REYNOLDS by RORITO

The Delhi High Court has rejected the petitioner's plea that the defendant had represented that the trademark RORITO is the changed name of the

trademark REYNOLDS. The Petitioner had terminated the licence given to the defendant for manufacture of REYNOLDS brand writing instruments and other stationery products, and the defendant subsequently adopted the trademark RORITO in respect of writing instruments manufactured by him.

Plea of passing-off was rejected holding that there is nothing illegal in the defendant holding out that his goods are now being sold under another trademark. The Court observed that even as per the licence agreement, the defendant was free to adopt a separate trademark for the products manufactured and distributed by it. It noted that the defendant manufactured the products on its own behalf and not on behalf of the plaintiffs, under the earlier licence agreement, and the attendant risks of the business were also

⁹ Section 2(f) of Biodiversity Act, 2002: "commercial utilization" means end uses of biological resources for commercial utilization such as drugs, industrial enzymes, food flavours, fragrance, cosmetics, emulsifiers, oleoresins, colours, extracts and genes used for improving crops and livestock through genetic intervention, but does not include conventional breeding or traditional practices in use in any agriculture, horticulture, poultry, dairy farming, animal husbandry or bee keeping;

¹⁰

http://nbaindia.org/uploaded/pdf/Guidelines_for_Processing_ABS_applications_SBBs.pdf

¹¹

http://nbaindia.org/uploaded/pdf/Decision%20of%2048th_Authority.pdf

¹²

http://nbaindia.org/uploaded/pdf/Decision%20of%2049th_Authority.pdf

entirely borne by the defendant. The Court therefore found it difficult to accept that the defendant had made any false or untrue statement which was necessary to successfully establish a case of passing off.

The Plaintiff's evidence of advertisement, video clip of some meeting of the defendant officials, Facebook page of defendant, etc., were rejected by the court as it found that the material was insufficient to conclude that the defendant wanted to teach the public that the trademark REYNOLDS had changed to RORITO and its products sold under the name RORITO were, in fact, goods of the plaintiffs. The marks were also held to be not deceptively and phonetically similar. Court however found defendant guilty of violating its earlier order by selling products under a sub-brand TERAMAX. [*Luxembourg Brands v. G.M Pens International* – CS (COMM) 1120/2016, decided on 26-11-2018, Delhi High Court]

Cause of action under Designs Act distinct from that in a trademark suit

The Delhi High Court has held that in a case where an infringement suit has already been filed under the Designs Act, there is no need to obtain the leave of the court to introduce a separate proceeding in the case of passing-off of trademark. Reliance on Order II Rule 2 CPC in this regard was rejected. Plea that the action of the plaintiff went against the basic intention of Parliament to avoid multiplicity of litigations between the parties, was rejected observing that said Order bars a subsequent suit relating to the same cause of action only. The Court opined that cause of action for an infringement suit under the Designs Act is different/separate/distinct from the cause of action for a passing off suit of a trade mark, trade name and domain name. It was held

that there was no requirement for the plaintiff to obtain the leave of the Court to file a suit for a completely different cause of action. [*Greenlight Planet India Pvt. Ltd. v. Gee Lighting Technology* - I.A. 21247/2015 in CS(COMM) 290/2018, decided on 14-11-2018, Delhi High Court]

Counterfeit goods – E-commerce website when not merely an intermediary

Observing that the website guaranteed that 'all products are 100% genuine' and that it was not taking precautions to stop sale of counterfeits, while also having a separate category for 'replicas', Delhi High Court has held that the website Shopclues.com is not merely an intermediary. Benefit of Section 79 of the Information Technology Act was hence denied holding that the role of the website was more than that of an intermediary. The website had claimed that it acts only as an intermediary since grievances raised by the users were redirected to the seller, though the logistical services were provided by the website.

The Court, further, was of the view that the feature of a separate category window for 'replicas' on the website constitutes aiding and abetment in violation of the intellectual property, which is definitely not condonable. It noted that use of the term 'replica' denotes copy of the original. The Court's decision in the case of *Christian Louboutin SAS v. Nakul Bajaj* was relied for this purpose. [*L'oreal vs Brandworld & Anr* - CS (COMM) 980/2016, decided on 12-11-2018, Delhi High Court]

Registrar of Trademarks should classify Indian Goods & Services

Considering enormity of litigations touching upon trademark infringement, the Madras High Court has stated that it is high time that the Registrar of

Trademarks publishes alphabetical index as per Rule 20(2) of the Trademark Rules with class-wise classification of the goods and services including that of Indian origin.

The Court also held that while the expression “as far as may be” gives some discretion to the trademark Registrar, it is not plenary discretion wherein it can grant registration to any goods /services without mentioning the goods contained in a given class and without setting out how and why the goods are relatable to particular goods/services adumbrated in the registered class. It held that Trademark Registry can classify goods and services in a particular class, but if it does not fit into any of the goods therein, it should mention which one of the specific goods/services it is relatable to and also set out how and why it is relatable.

The Court, relying on the Supreme Court decision in *Parle Products*, found four distinctive features i.e., colour combination, rondel shape which forms part of the mark, arrangement of spices in a bowl and the yellow border, as deceptively and visually similar. It was also noted that the product ‘Kulambu chilli powder’ was same for both petitioner and the defendant. The court continued the injunction as it was of the *prima facie* view that domestic articles are purchased not only by their brand names, but also by the colour scheme and getup of the container in which the goods are marketed, and hence it would be unrealistic to focus attention to the brand name, ignoring the colour scheme and getup in the case of a passing-off action. [*Aachi Spices & Foods v. Aachi Masala Foods* - O.A.Nos.705 and 706 of 2018 & A.Nos.7190 and 7191 of 2018 in C.S.No.511 of 2018, decided on 26-10-2018, Madras High Court]



News Nuggets

Sampling constitutes infringement of rights of producer

EU’s Advocate General has opined that taking an extract of a phonogram for using it in another phonogram (sampling) infringes the exclusive right of the producer of the first phonogram, where it is taken without his permission. The AG’s opinion dated 12-12-2018 in the case *Pelham GmbH v. Ralf Hütter* also states that a sound or a word cannot be monopolised by an author as a result of its inclusion in a work but, from the moment a sound or a word is recorded, it constitutes a phonogram which falls within the scope of the copyright and related rights protection.

Trademark registration for geographical origin be excluded

Court of Justice of the European Union has held that the trademarks which consist of signs or indications and may serve, in trade, to designate geographical origin are not to be registered as per Article 7(1)(c) of Regulation No. 207/2009 (EU) in public interest, aiming that descriptive indications or signs be used freely by all. CJEU in the case *St. Andrews Link Ltd. v. EUIPO*, rejected the registration of the mark stating that the expression “St. Andrews” referred to a town in United Kingdom known for its golf courses and that several other major golf courses may lay claim to the heritage of St. Andrews.

No copyright on taste of food in EU

Court of Justice of the European Union has ruled that the law on protection of copyrights in the European Union precludes taste of a food product from being protected. It held that taste of a food product cannot be classified as a 'work' within the meaning of the EU Directive 2001/29. Court in *Levola Hengelo BV v. Smilde Foods BV*

stated that taste of food depends on age, preferences and experiences, and is subjective to the person tasting it. It noticed that it is not possible in the current state of scientific development to achieve by technical means a precise and objective identification of the taste of a food product.

NEW DELHI

5 Link Road, Jangpura Extension,
Opp. Jangpura Metro Station,
New Delhi 110014

Phone : +91-11-4129 9811

B-6/10, Safdarjung Enclave
New Delhi -110 029

Phone : +91-11-4129 9900

E-mail : lsdel@lakshmisri.com

MUMBAI

2nd floor, B&C Wing,
Cnergy IT Park, Appa Saheb Marathe Marg,
(Near Century Bazar)Prabhadevi,
Mumbai - 400025

Phone : +91-22-24392500

E-mail : lsbom@lakshmisri.com

CHENNAI

2, Wallace Garden, 2nd Street
Chennai - 600 006

Phone : +91-44-2833 4700

E-mail : lsmds@lakshmisri.com

BENGALURU

4th floor, World Trade Center
Brigade Gateway Campus
26/1, Dr. Rajkumar Road,
Malleswaram West, Bangalore-560 055.

Ph: +91(80) 49331800

Fax:+91(80) 49331899

E-mail : lsblr@lakshmisri.com

HYDERABAD

'Hastigiri', 5-9-163, Chapel Road
Opp. Methodist Church,
Nampally

Hyderabad - 500 001

Phone : +91-40-2323 4924

E-mail : lshyd@lakshmisri.com

AHMEDABAD

B-334, SAKAR-VII,
Nehru Bridge Corner, Ashram Road,
Ahmedabad - 380 009

Phone : +91-79-4001 4500

E-mail : lsahd@lakshmisri.com

PUNE

607-609, Nucleus, 1 Church Road,
Camp, Pune-411 001.

Phone : +91-20-6680 1900

E-mail : ls pune@lakshmisri.com

KOLKATA

2nd Floor, Kanak Building
41, Chowringhee Road,
Kolkatta-700071

Phone : +91-33-4005 5570

E-mail : lskolkata@lakshmisri.com

CHANDIGARH

1st Floor, SCO No. 59,
Sector 26,

Chandigarh -160026

Phone : +91-172-4921700

E-mail : lschd@lakshmisri.com

GURGAON

OS2 & OS3, 5th floor,
Corporate Office Tower,
Ambience Island,

Sector 25-A,

Gurgaon-122001

phone: +91-0124 - 477 1300

Email: lsgurgaon@lakshmisri.com

ALLAHABAD

3/1A/3, (opposite Auto Sales),
Colvin Road, (Lohia Marg),

Allahabad -211001 (U.R)

phone . +91-0532 - 2421037, 2420359

Email: lsallahabad@lakshmisri.com

Disclaimer: *IPR Amicus* is meant for informational purpose only and does not purport to be advice or opinion, legal or otherwise, whatsoever. The information provided is not intended to create an attorney-client relationship and not for advertising or soliciting. Lakshmikumaran & Sridharan does not intend to advertise its services or solicit work through this newsletter. Lakshmikumaran & Sridharan or its associates are not responsible for any error or omission in this newsletter or for any action taken based on its contents. The views expressed in the article(s) in this newsletter are personal views of the author(s). Unsolicited mails or information sent to Lakshmikumaran & Sridharan will not be treated as confidential and do not create attorney-client relationship with Lakshmikumaran & Sridharan. This issue covers news and developments till 17th December, 2018. To unsubscribe, e-mail Knowledge Management Team at newsletter.ipr@lakshmisri.com

www.lakshmisri.com

www.gst.lakshmisri.com

www.addb.lakshmisri.com

www.lakshmisri.cn