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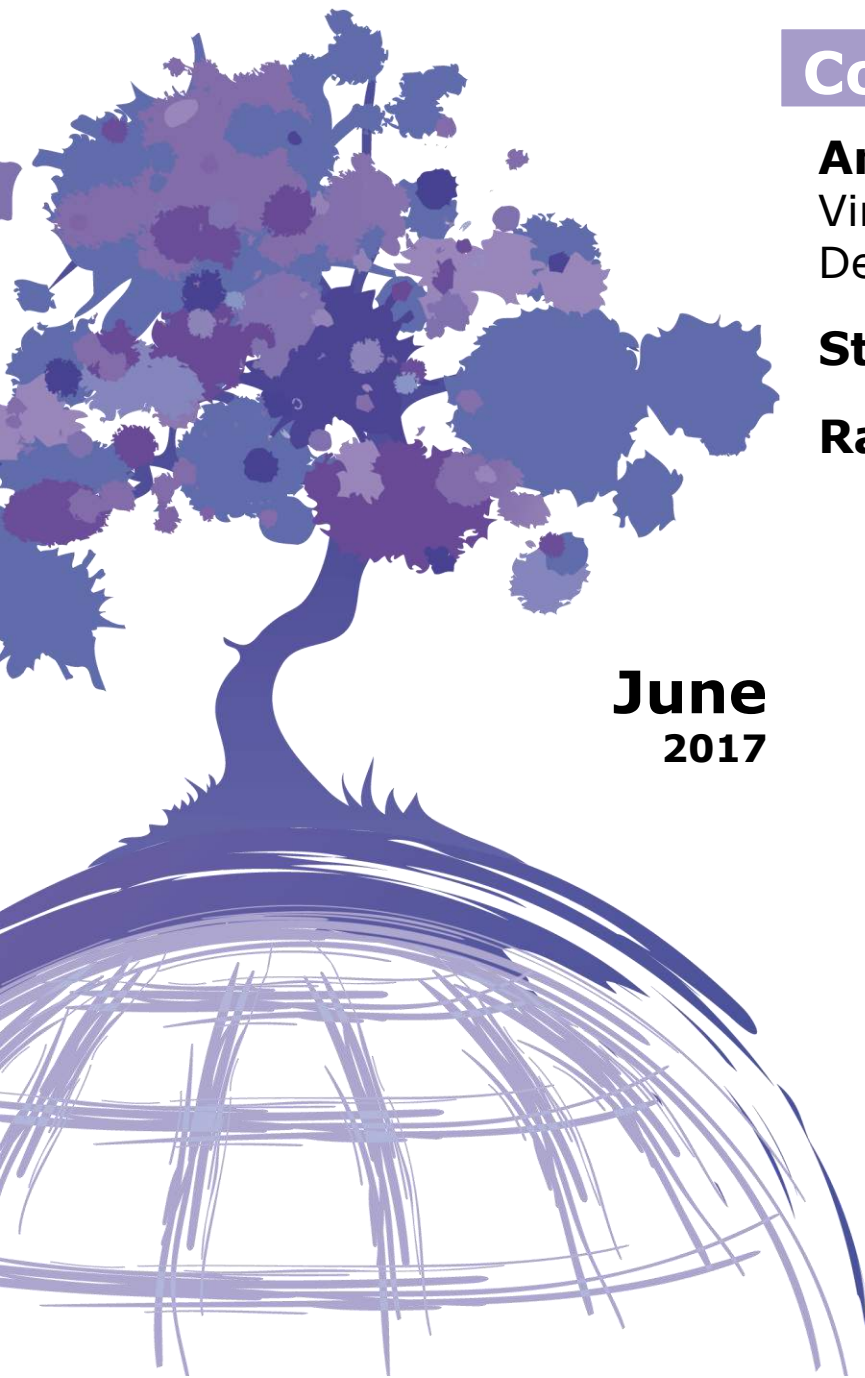
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Article

Virtual Patent Marking and Deemed Notice

By **Sudarshan Singh Shekhawat**

One of the defences available to a defendant in a patent infringement suit for avoiding damages, is that he/she was unaware of the existence of the patent(s) alleged to be infringed. This is not available for avoiding injunction. This is enshrined in Section 111(1)¹ of the Patents Act, 1970 (the Act). This defence is a matter of trial and proving the negative is not easy. The Explanation² to Section 111(1), on the other hand, provides an opportunity for the defendant to shift the burden³ on to the Plaintiff, if the Defendant can show that the Plaintiff's article/product was not 'marked' with the patent number(s) in question (This is of course if the Defendant was not aware or notified of the plaintiff's patent by other means). If this is the case, the Defendant can argue that he/she was not aware of the existence of the patent alleged to be infringed. Thus, marking of patents is an important aspect of post-grant working of patented inventions.

The reality of current times is that many products are covered by more than one patent with non-concurrent terms. Further, additional patents could be added to the list after grant of pending applications. Thus, it would be impractical or cumbersome in such cases to 'mark' the products with all patent numbers, especially if the numbers are large and change often.

Therefore, the question is whether this language in Section 111(1) and Explanation could allow room for 'virtual marking' of patented products i.e. whether, instead of putting the actual patent numbers on the product/packaging, a weblink or URL of page showing the list of active patents can be provided. This question also needs to be answered in the context of Section 120 of the Act which prescribes punishment for false representation or marking of patents⁴.

¹ **"S.111- Restriction on power of court to grant damages or account of profits for infringement.** -(1) In a suit for infringement of patent, damages or an account of profits shall not be granted against the defendant who proves that at the date of the infringement he was not aware and had no reasonable grounds for believing that the patent existed.

² **Explanation.** -A person shall not be deemed to have been aware or to have had reasonable grounds for believing that a patent exists by reason only of the application to an article of the word "patent", "patented" or any word or words expressing or implying that a patent has been obtained for the article, unless the number of the patent accompanies the word or words in question.

³ Read more about comparative analysis of patent marking provisions in India and USA <http://www.lakshmisri.com/News-and-Publications/Archives/Publication/patent-marking-in-the-us-and-india-a-comparison>

⁴ **"S.120 Unauthorised claim of patent rights.** -

If any person falsely represents that any article sold by him is patented in India or is the subject of an application for a patent in India, he shall be punishable with fine which may extend to one lakh rupees.

Explanation 1. -For the purposes of this section, a person shall be deemed to represent-

(a) that an article is patented in India if there is stamped, engraved or impressed on, or otherwise applied to, the article the word "patent" or "patented" or some other word expressing or implying that a patent for the article has been obtained in India;

(b) that an article is the subject of an application for a patent in India if there are stamped, engraved or impressed on, or otherwise applied to, the article the words "patent applied for", "patent pending", or some other words implying that an application for a patent for the article has been made in India.

Explanation 2. -The use of words "patent", "patented", "patent applied for", "patent pending" or other words expressing or implying that an article is patented or that a patent has been applied for shall be deemed to refer to a patent in force in India, or to a pending application for a patent in India, as the case may be, unless there is an accompanying indication that the patent has been obtained or applied for in any country outside India.

Section 111(1) of the Act and the Explanation thereto (hereinafter said Explanation) essentially state that for a marking on a patented article to be deemed notice to the public, mere words such as “patent” or “patented” would not be sufficient but the patent number(s) must accompany such words. On the other hand, Section 120 of the Act provides that an article/product which is neither patented in India nor for which any application for grant of patent is pending in India, cannot be sold in India with a label bearing words such as “Patented” and/or “Patent Pending”. Further, Section 120 also provides that in case any person falsely represents that any article sold by him is patented in India or that it is the subject of an application for a patent in India, he shall be punishable with fine which may extend to one lakh Rupees (Rs 100,000).

Therefore, the requirements for ‘proper’ marking of a patented product/article are as follows:

- a) The product/article (or packaging) must contain words implying that a patent for the article has been obtained; AND
- b) The official patent number(s) must ‘accompany’ above words.
- c) The said patents must be ‘active’.

In case of a pending patent application, the words implying that an application for a patent for the article has been made would be sufficient. Any departure from the above requirements or incorrect information including non-existence of said patent or patent application at the time of manufacturing the said article/product

could lead to a penalty under Section 120.

Let us assume a hypothetical scenario where a patentee has multiple patents over a product and maintains a website that lists out active patent numbers. The website is periodically updated to include new patent numbers and remove the lapsed or otherwise unenforceable patents. A link to that website is provided on the product/package with a notice that the said product is protected by patent(s). This practice has now been accepted by law in some jurisdictions like the United States and the United Kingdom⁵.

In such an instance of virtual marking, it must be seen whether it meets the requirements of Indian law under the said Explanation. The word used in the said Explanation is ‘accompany’. The ordinary meaning of ‘accompany’ is ‘to go with’. Things ‘accompanying’, or ‘to accompany’ each other, should, as nearly as possible, be simultaneous⁶. This means the patent number must appear along with the words ‘patent’, patented etc. Thus, a mere notice stating that patents have been granted along with a weblink may not meet the standard of the said Explanation. The deeming fiction created for notice to public regarding patent rights of a person comes into operation only when the ‘patent number’ accompanies the words implying grant of a patent i.e. the immediate appearance of the patent number on the patented article is condition precedent for the deeming fiction. If a mere notice along with weblink as mentioned above, is

⁵ See (For USA)- 35 U.S.C. 287(1) (as amended till date); For UK- The Patents Act, 1977- Section 62(1A)

⁶ Aiyar. P. Ramanatha. (2010). *Major Law Lexicon*. 4th Edition. Nagpur: Lexis Nexis Butterworths Wadhwa, p.64

considered to meet the standard of the said Explanation, it would create another deeming fiction that is the 'weblink is deemed to denote the patent number'. A deeming fiction cannot be extended by importing another fiction⁷ as this is not allowed as per principles of statutory interpretation. If it requires the public or potential infringer to go to internet, type out the web address, it wouldn't qualify as the deemed notice of the patent(s) in question as per the said Explanation.

Does this mean, therefore, that if there were ten (or more) patents covering a product, all of them must be mentioned on the product to create the deemed notice? If it can be done, it would meet the standard in the said Explanation. However, depending on a given article, it could be impractical to mark entire set of Indian patent numbers and it may not be consistent with the branding strategy. The requirement for marking is not absolute and that it has to be governed by the meaning of Section 111(1) which has two ingredients. Firstly, the Defendant must show that he was not aware of the existence of the patents and secondly, that he had no reason to believe that such patent existed. The onus is on the Defendant to prove that he is innocent at the date of infringement. As to whether he "had no reasonable grounds for supposing", must be judged in the light of all circumstances at the time of infringement.⁸ One option for the patentee could be that at least one of the active patent numbers can accompany the words

"patented" on the article/product along with description such as "and other patents available at www.xyz.com". This would not only meet the marking requirement in the said Explanation but would make it extremely difficult for a defendant to prove that he had no reason to believe such patent(s) existed. Of course, if any of the mentioned patents were found to have expired / lapsed or unenforceable at the time of mentioning on the article, it could invite a penalty under Section 120 for false representation of patent rights.

If we were to further assume in this case that the patent(s) alleged to be infringed is not the one mentioned on the product but listed at the weblink, while in such a case the plaintiff would not be able to show (because of the said Explanation) that the Defendant was aware of the infringed patent(s) in question, it would be extremely difficult for the Defendant to 'prove' that he had no reasonable grounds to believe that patents existed because of the one patent mentioned on the packaging, *albeit* not alleged to be infringed.

The above approach can also be accompanied by additional measures such as regular publication of notices in newspapers, trade channels, brochures, etc., regarding patent protection over the product along with suitable 'active' patent numbers, wherein the packaging complications/restrictions would not come in the way, to create the deemed notice of patent rights. Such measures would go a long way in creating safeguards against potential infringers taking defence under Section 111(1). Needless to say, the above measures are in addition to a direct notice

⁷ *CIT, Central Calcutta v. Moon Mills Ltd.* AIR 1966 SC 870

⁸ *Lancer Boss Ltd. v. Henley Forklift Co. Ltd.* [1975] RPC 307

or warning letter issued to a potential infringer about a patentee's rights. This is also because the said Explanation uses the expression "A person shall not be deemed to have been aware.... that a patent exists by reason **only** of the application to an article of the word "patent", "patented"..." The use of the word "only" shows that the Explanation does not exclude other ways by which the defendant could have acquired the knowledge about the patent's existence apart from mere mentioning of words "patented" on the article. The Explanation states that the only way the words "patented" on an article could successfully defeat a defence under Section 111(1) is by adding the patent number along with the words.

Conclusion

It emerges that a defendant cannot avoid damages under Section 111(1) for

innocent infringement merely by stating that the patentee's product was not marked. Such an argument would amount to limiting the scope of Section 111(1) by the said Explanation which is not permissible. The onus on the defendant is onerous but still a combination of strategic virtual marking and other measures by a patentee to publicise its rights is advisable to thwart such defences. Care must be taken to regularly update the patent markings, if any. There is an immediate need for the legislature to clarify the position on virtual marking by suitable amendment. Till that happens, most of the above points remain arguments, untested in courts. Thus, litigation on the same cannot be ruled out.

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Statutory Updates

Guidelines issued for applying for a mark as a well-known trademark

Guidelines for filing online application under Rule 124 of Trade Mark Rules, 2017 for determining a well-known trademark have been issued. Under the general guidelines, issued *vide* Public Notice dated 22-5-2017, the application shall be filed on TM-M with prescribed fees, through 'compressive e-filing services', and should not exceed the prescribed size of 10MB. Further evidence in support of the applicant's rights and claim has also to be filed.

As per the guidelines, the office will

consider the claim on the basis of documents submitted and publish the details of trademark. Any person, who wants to object the inclusion, can file the objection in writing stating his reason for objection with supporting documents, if any. The objections may be circulated to the applicant for comments in stipulated time. Final decision regarding inclusion of the trademark in the list of well-known trademarks will be communicated to the applicant. In case the mark is determined as well-known then the same will be notified in the Trade Marks Journal and included in the list of well-known trademarks available on official website.

Ratio Decidendi

Trademarks – Effect of part of mark being generic and common to particular trade

Observing differences, including differences in trade dress, label and get up of the two trade-names – ‘Pinch of Spice’ and ‘Pinch of Salt’, the Delhi High Court has vacated the interim injunction it earlier granted in favour of the plaintiff. The marks were also found to be dis-similar phonetically and in sound, and having no visual resemblance. The Court in this regard held that the word “PINCH” is a common generic word and is related to the restaurant and dining industry.

Noticing that any symbol, word or get up commonly used by traders in connection with their trade and in respect of which no particular trader can claim an exclusive right to use is considered common to that particular trade, or public juris, it was held that sub-section 17(2) of the Trademarks Act comes to the aid of the defendant inasmuch as it stipulates that a trademark which is common to the trade or is otherwise of a non-distinctive character, registration thereof, will not confer any exclusive right in the matter forming only a “part” of the “whole” of the trademark so registered.

Further, non-expansion of plaintiff’s outlet to other cities was considered by the court as evidence of absence of renowned reputation. It also observed that high-level reputation, which the plaintiff claimed, was not established by any document. It was also noticed that the word “PINCH” was being used in class 29 (dried and cooked foods, jellies, jams, fruits sauces, eggs, milk and milk products) by other users also, and had not attained a secondary meaning to the goods and services of the plaintiff. The interim injunction granted earlier was hence vacated. [*Mehar Wing Services Private Limited v. Jindal Restaurant* – Interlocutory Applications in CS(COMM) 173/2016, decided on 24-5-2017, Delhi High Court]

Trademark infringement – Distinction in services provided, is material

A Single Judge of the Delhi High Court has vacated the earlier *ex-parte* interim injunction in a case involving trademark infringement where the mark “PINDROP” was used by the plaintiffs for recording studio business (class 41) and the mark “PINDROP MUSIC” was used by the defendants for an online application to provide music to consumers (class 42). The Court noted the distinction between the services of the plaintiff and that of the

defendant, and also the fact that the plaintiff had suppressed, at the time of *ex-parte* interim injunction, that the defendant's mark was registered. It was observed that even a layman while typing the word "Pindrop" on a Google application would have learnt about the status of the defendant company which shows that the "Pindrop Music" mobile application of the defendant has a registration.

Further, the quantum of expenses on advertisement, both by the plaintiff and the defendant, was taken into consideration by the court to hold that plaintiff had failed to make out a *prima-facie* case. It was also noted that Section 28(3) of the Trademarks Act does not permit infringement by one registered proprietor against another unless two conditions - the two registered marks are identical or nearly resemble to each other; and they are in respect of same class and service, are satisfied. The court held that this was not so in the instant case. [*Shammi Narang v. Pindrop Music App Private Limited* – Interlocutory Applications in CS(COMM) 271/2017, decided on 22-5-2017, Delhi High Court]

Exhaustion of patent right when patentee sells patented product

The US Supreme Court has held that patentee's decision to sell a product exhausts all of its patent rights in that item, regardless of any restrictions the

patentee purports to impose. It was also held that an authorized sale outside the United States, just as one within the United States, exhausts all rights under the US Patent Act. The court in this regard rejected the contention that there is no patent exhaustion from sales abroad because there are no patent rights abroad to exhaust.

The patentee sold cartridges at discounted price under a scheme wherein the customers signed a contract agreeing to use the cartridge only once and to refrain from transferring the cartridge to anyone else. However, some manufacturers acquired such empty cartridges from purchasers in the US or overseas, refilled them with toner, and then resold/imported them. It was held that even if the restrictions in contracts with the customers were clear and enforceable under contract law, they do not entitle the patentee to retain patent rights in an item that it had elected to sell. [*Impression Products, Inc. v. Lexmark International, Inc.* – Opinion dated 30-5-2017, US Supreme Court]

Negative covenant restricting employee post-termination, not valid

Relying on an earlier Supreme Court decision, a Single Judge of the Delhi High Court has held that a negative covenant, which bars the employees from doing certain activities post-termination would

violate Section 27 of the Indian Contract Act, 1872. The Court however observed that such restriction during the period - like Non-Competition, Confidentiality and Non-Solicitation Agreement, is valid. According to the Agreement, the defendant was prohibited, for a period of 24 months post-termination, from owning, operating or performing services that are the same or substantially similar to those performed by him while employed by the plaintiff.

The defendant was however held to be bound by the undertaking/statement

given earlier that he had no concern with another firm, as well as the undertaking given before the court later that he would not poach any employee of the plaintiff nor induce any third party or individual to cease or modify its relationship with the plaintiff. The Court hence vacated its earlier *ex-parte* interim Order putting certain restrictions on the defendants. [*Eli Research India Pvt. Ltd. v. Deepak Gupta* - Order dated 17-5-2017 in CS(OS) 3447/2015 & I.A.Nos.4485/2016, 13603/2016, 422/2017, Delhi High Court]

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