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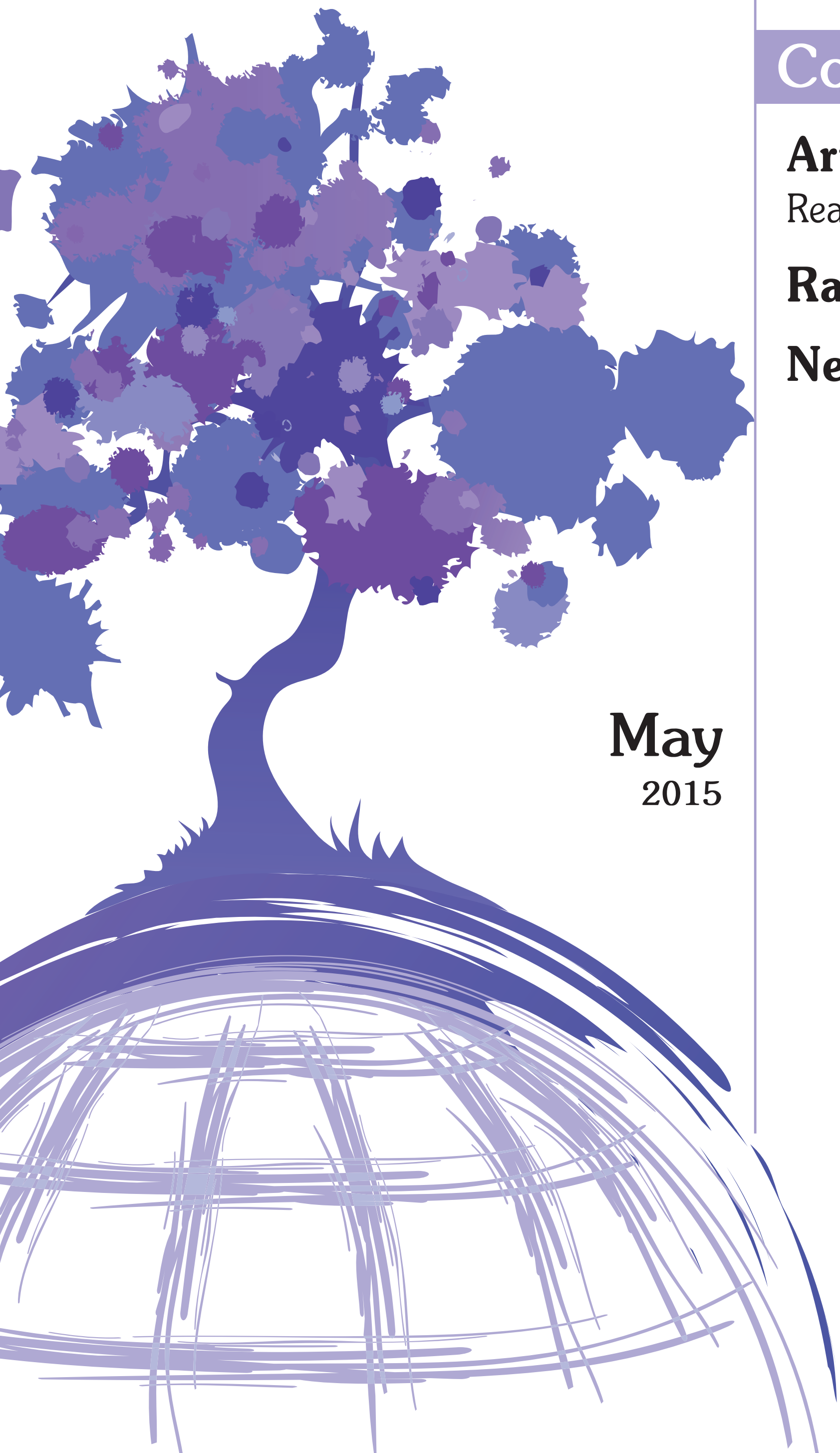

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Realizing the Digital India dream

By **Dr. Mukundan Chakrapani**

It has been an explosive opening quarter for investments in early stage ventures. The information technology sector alone has attracted a whopping US$612 million of the over US$1 billion reported investments from January to March, 2015. Indeed, this must be music to the ears of the technocrats behind the Digital India (DI) project. The DI project was launched with much fanfare and an eye popping budgetary overlay of Rupees One lakh crores (about US$16 billion) in August 2014. Since then, the Department of Electronics and Information Technology (DeitY), the coordinator for the DI project, has published draft policies on adoption of Open source Software (OSS) for Government of India and the policy on Internet of Things (IoT). DeitY's efforts have to be commended for setting out the Government's vision and objectives in these policy documents. However, on closer inspection, these policy documents fail to address certain key aspects that may preclude the realization of the DI dream.

The DI vision calls for an eKranti for the electronic delivery of services. The OSS adoption policy mandates government agencies to select solutions based on OSS for the electronic delivery of services to minimize costs. Software service providers are required to justify the use of proprietary code which can only be adopted when there is an urgent or strategic need. By naively equating OSS with low costs, the OSS adoption policy has conflated software copyright issues with costs in developing software solutions.

Open Source Software generally refers to software that is distributed along with a copyright license to use, modify and further distribute the software. The Open Source Initiative recognizes over 60 types of OSS licenses. Some OSS licenses require any changes to the source code to be re-distributed or provided back to the OSS community. Others allow the owner of the modified source code to retain proprietorship in the modified source code.

Complex e-governance solutions can rarely be implemented using readily available OSS modules alone. Even if this is possible, typically, modules with different OSS licenses may have to be used within a solution. However, in most instances hybrid solutions using OSS and proprietary code would have to be implemented. A thorough review of the solution would have to be undertaken to determine the extent of compatibility of the terms of the OSS licenses as well as the proprietary code owners' rights. Violating the terms of the OSS licenses or the owners' rights could result in copyright infringement. Cost savings from using stock OSS modules may be offset in legal fees associated with such reviews.

The OSS adoption policy fails to recognize that, at times, proprietary solutions may well be the less expensive option. Moreover, free distribution of source code of e-governance solutions may make the platform vulnerable to cyber attacks. Adequate safeguards must be put in place to secure private and confidential information of citizens using the e-governance platforms.

The DI project also envisions empowering every citizen in a safe and secure cyberspace. The exponential growth of internet-connected devices is expected to deliver services in real time. The DeitY, through the draft policy on IoT, seeks to develop a connected, secure, and smart IoT-based system for the benefit of our society and the economy.

The draft IoT policy seeks to create a US$15 billion IoT industry in India on the back of programs such as the Smart Cities initiative and the DI project. The IoT policy makes all the right noises with respect to multi-stakeholder participation to achieve a "value up and cost down" goal. The policy also sets out several mechanisms for providing incentives for nurturing and scaling up the IoT industry. Other commendable features of the policy include setting up a nodal organization for IoT standardization; providing technical and financial assistance for patenting and standards creation related to IoT technologies; and assisting industry in the commercialization of IoT products.

While the DeitY aggressively promotes the DI project and the associated policy framework, other governmental agencies should proactively integrate their departmental policies to further common goals. In fact, the draft National Intellectual Property Rights (IPR) policy released in December 2014 by the Department of Industrial Policy and Promotion (DIPP) seeks to integrate IP with the Make in India and Digital India initiatives. The draft IPR policy highlights the government's commitment to a "strong, balanced, predictable, and transparent IP regime."

However, this is sadly in contrast to the Search and Examination Guidelines issued by the Indian Patent Office (under the DIPP) in February 2015. Specifically, the search and examination guidelines do little to clarify the scope of protection afforded to computer-related inventions. The sections related to computer-related inventions in the search and examination guidelines are a mere repetition of draft guidelines issued as early as June 2013. Despite several rounds of stakeholder meetings and written submissions, the Patent Office has failed to provide a logical and cohesive framework to determine patent eligible subject matter for computer-related inventions. While other countries like the United States, Canada, etc., are also grappling with the issue of delineating the boundaries of what is patentable vs. mere fundamental principles, the European Patent Office (EPO) seems to have evolved a somewhat settled examination framework. Perhaps, the Indian Patent Office could benefit from procedures adopted by the EPO.

There is no doubt that the government is keen on leveraging internet-based technologies to transform India into a digitally empowered society and knowledge economy. To accomplish this, we need clear, transparent and reliable procedures in place so that companies can make informed decisions about incurring IP related expenses. In the meantime, technology-driven players will continue to get incorporated outside India to leverage their IP and to improve their valuations.

While the initiatives of DeitY to implement the DI project are laudable, much needs to be done to develop a cohesive policy platform to realize the dream of Digital India.

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Ratio Decidendi

Patents – Examination when cannot be refused

Observing that Section 11B of the Patents Act, 1970 only provides that application for examination should be made in prescribed manner and time, the Delhi High Court has held that when the request had been duly filed in time, mere mention of incorrect application number in covering letter cannot be a ground to refuse examination. The Patent Office treated the application as 'deemed to be withdrawn' and did not examine the patent application. However, the High Court held that Section 11B(4) is attracted only when the application is not made within the time specified. [*Ashim Ghosh* v. *Controller of Patents*, Order dated 26-3-2015 in W.P. (C) No. 7798/2014, Delhi High Court]

Trans-border reputation of trade mark – Filing of applications & registration in certain countries, not sufficient

The IPAB has held that mere filing of applications or obtaining certificates of registration for the impugned trade mark from some countries will not be sufficient to establish trans-border reputation. The applicant (for rectification), an overseas supplier of handcrafted beds alleged that the respondent had registered the trademark by dishonest adoption and wanted to take advantage of the tremendous goodwill enjoyed by the mark. The applicant sought to prove that the mark was used in India in luxury hotels but did not furnish certified copies of sales reports and actual proof of sale in other countries. The respondent argued that a mark will be considered well known only if it is known to substantial segments of consumers. Observing that the suit for passing off is different from opposition proceedings, the IPAB held that the applicant for rectification had not discharged his onus in removing the registered trademark. The fact that the applicant had also applied for the mark as label mark 'proposed to be used' without evidence of intention to use did not help its case. [*HYPNOS Ltd.* v. *Hosur Coir Foam Pvt. Ltd.*, Order No. 66/2015 dated 16-4-2015, Intellectual Property Appellate Board]

Writ jurisdiction of different High Court not invocable when statutory remedy before jurisdictional HC available

Refusing to entertain the writ petition on the ground that statutory remedy was available in another High Court, the Delhi High Court also held that the findings and judgement on merits in the order passed by the Single Judge, would not constitute *res judicata*. At issue was the issue of compulsory licence by the Registrar of Copyrights wherein the Single Judge had opined that the license granted would not be restricted to the FM stations in 3 specified cities. Statutory remedy by way of appeal in the Madras High Court could be availed by the petitioner who however, chose to file a writ before the Delhi High Court. The Division Bench held that writ petitions could not be entertained, stressing the doctrine of comity of High Courts. It also observed that the High Court exercising appellate power under Section 72(2) of the Copyright Act, has jurisdiction to go into the questions of fact as well as questions of law which may arise in a suit. [*Phonographic Performance Ltd.* v. *Union of India*, LPA No. 131/2015, Order dated 8-4-2015, Delhi High Court]

Acquiescence estoppel by selective opposition proceedings and abandoning of rights

Emphasizing on the principle of acquiescence estoppel, the IPAB held that where the applicant seeking rectification had been selective in opposition proceedings and allowed the use of rival mark and delayed application for rectification, he would not be entitled to any remedy. The dispute revolved around the mark 'OSWAL' which had been common to trade and no one person could claim monopoly. However, the applicant failed to prove that he had been vigilant and pro-active in protecting his mark since he abandoned opposition proceedings besides withdrawing the civil suit against the other party and allowed him to claim registration. [*Suresh Kumar Oswal Jain* v. *Bir Prakash*, Order No 48/2015, dated 6-3-2015, IPAB]

Registered mark used in part - Not an effective defence against claims of infringement and passing off

Granting interim relief pending disposal of rectification proceedings the Bombay High Court restrained the respondent from using the word SIYARAM (along the selvage of textiles), which was part of their registered mark. The Court opined that relief against actual infringement cannot be denied on ground of delay caused by court proceedings and in the circumstances of the case, the action also lay for passing-off. The respondent had registered a mark using the name of the company which included SIYARAM. However use of part of the registered mark was held to be not an effective defence against claims of infringement and passing off. The respondent also argued that it was required to stamp its name on goods as per the Standard Weights and Measures Rules, 1977. However, the High Court ruled that this did not warrant use of a trade name which invited action for passing off. [*Siyaram Silk Mills Ltd.* v. *Shree Siyaram Fab Pvt. Ltd.*, Order dated 17-3-2015 in NoM. 3679/2011, Bombay High Court]

Rehabilitation of sick company not a ground to use trademark not owned

In an action seeking interim relief for infringement and passing off the respondent sick company argued that by virtue of provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, restraining the company from using the allegedly infringing marks and designs of mouth freshners would result in failure of the scheme which was not permissible. The Delhi High Court however, opined that when the respondent did not own any intellectual property rights in the mark, it cannot plead that properties of an industrial company should not be proceeded against for recovery of dues. [*Ferrero SPA* v. *VM Siddiq & Anr*, Order dated 24-3-2015 in CS (OS) 2627/2013, Delhi High Court]

News Nuggets

TRIPS agreement does not create substantive rights – Canada on WTO challenge to plain packaging rules

Canada submitted its views as third party on the issue of plain packaging measures introduced by Australia as regards tobacco products. The Australian High Court had upheld the validity of the statutory provisions which mandate all cigarettes packets and cartons to be uniform or in identical colours with about 25% of the surface being available to display company name, brand name, etc. But the measures are under challenge in the WTO on the ground that due protection to IPR has been denied.

Canada submits that regulatory measures that are not acts of competition fall outside the scope of TRIPS Article 2.1 and Article 10b is of the Paris Convention and that there is no right to use a trade mark under various articles of the TRIPS agreement. It argues that only acts of commercial parties constitute an act which entails unfair competition and regulatory measures put forth by the government are not included under the same. Further Article 15.1 of the TRIPS agreement does not impose any obligation but only provides the definition of what may (in this case signs) constitute a trade mark and the only obligation under Article 15.1 is for members to ensure that signs that satisfy the definition are eligible for trademark registration. Therefore Article 15.1 is violated only when there is restriction as to eligibility for registration.

As per Canada's interpretation, the right to use a sign or trade mark cannot prevent members from banning any goods or service and in any case plain packaging uses the TRIPS flexibilities relating to public health. Citing the negotiating history, Canada says that the agreement includes only the right to exclude third parties from using the trade mark and does not include an owner's right to use the trade mark.

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