CHAPTER III

THE INTELLECTUAL PROPERTY LAWS IN INDIA

This chapter details the Indian intellectual property laws. The object of this chapter is not to dwell in the controversial topics but to highlight the various operational details of the intellectual property law system in India. Notably this chapter will not have any details of the patent laws in India.

TRADEMARKS IN INDIA:

The law with reference to trademarks in India is governed by the Trade Marks Act, 1999 and read with the Trade and Merchandise Marks Rules, 1959. The Trade and Merchandise Marks Act, 1958 which governed this area of law was amended several times. After TRIPS there were several areas where the old legislation needed amendments. Hence the Trade Marks Act, 1999 was passed.

One of the main changes that this Act has made includes providing for registration of trademark for services. Normally, in developed economies marks used in relation to services also falls

within the definition of a trademark. However, in India, till recently there was no provision for the registration of

service marks. Therefore the following services that are profit making with very high chances of infringement were excluded from the protection under this Act:

- Advertising
- Insurance
- Financial
- Sector
- Communication
- Transportation
- Storage
- Education
- Entertainment
- Construction, etc.

It should be noted that as per the TRIPS agenda, India was required to ensure that there is provision for the registration of service marks as well under the Act. As a mater of fact, countries like Indonesia and Malaysia have already enabled the registration of service marks. The new 1999 Act has included the registration of

service marks. The definition of 'trademark' has been amended to include within its purview the concept of service marks as well.

The Act defines a "mark" to INCLUDE "a device, brand, heading, label, ticket, name, signature, word, letter, numeral, or any combination thereof". The word 'includes' in the definition signifies that the definition of 'mark' is not exhaustive. The following are the attributes that a trademark should posses:

a) It should be an invented work

b) It should be distinctive

A trademark should NOT have the following features:

a) It should NOT be deceptively similar to any other existing mark

b) It should not be a descriptive of the goods. A remote reference is sometimes allowed.

c) It should NOT be a word that defines the nature of the product

d) It should not be the name or the surname of a person

e) It should not be a geographical name

The rights once acquired in a trademark are proprietary in nature. Such proprietary rights can also be acquired in a non-distinctive mark that is used in trade (for example, a descriptive word, surname, geographical name) by the extensive use of the mark in

relation to the goods in which the marks are being used, resulting in the mark becoming distinctive of the goods and the manufacturer. In such cases, the doctrine of prior use applies and it serves as a valid defense for the manufacturer to claim proprietary rights over the trademark. Some examples of such marks /brands are Nilgiris, Nagarjuna Fertilisers, Taj Mahal Tea etc.

(a) ***Invented word***:

One of the essential requirements for a trademark to be registered is that the mark/ word has to be an invented word. A mark that describes the product or the quality of the product cannot be registered as a trademark.

For example, the name "Tea" cannot be registered as a trademark for coffee.

The name Rasoi was refused registration for hydrogenated cooking oil.

The Indian courts have taken the view that for a word to qualify as an invented word, the word must be:

i) Newly coined, so that it is unique and therefore can easily be identified and attached to the goods in which it is used.

ii) It should convey no meaning. This is to ensure that it does not mislead the consumer.

iii) It should not give an indication of the type of goods to which the word relates. The reason being that any mark that gives such an indication, will make it difficult for manufacturers of alternate or same products to describe their products.

(b) ***Distinctiveness:***

Distinctive refers to the quality of the mark to be able to distinguish the goods of the applicants from the goods of others. Distinctiveness should be a part of the mark itself. Sometimes such distinctiveness is acquired by the use of the mark itself. Whether a particular word is distinctive or not is for the registrar of trademark to decide. It also depends on nature of the goods and to some extent on the use of the goods itself. Basically, distinctiveness is a feature of originality of the mark. It ensures customers identification of the mark with the specified product.

(c) ***Deceptive similarity:***

Where the mark lacks distinctiveness, the natural effect is that it resembles or causes to resemble with another mark. A trademark is said to be deceptively similar to another mark if the mark so nearly resembles that other mark as to be likely to deceive or cause confusion. If two marks are so deceptively similar that the consumer is unable to distinguish one from the other, the whole

object of the law of trademarks is lost. Hence, if a mark is deceptively similar to a mark that is already in use, the registrar will not allow the registration of the latter mark. This is to ensure that the public are not confused regarding the origin of the mark or of the goods. In fact, the test to decide whether a particular mark is deceptively similar or not is to see whether it causes confusion in the minds of reasonable consumers.

Some of the factors that have been identified to cause deceptive similarity are:

a) ***Phonetic similarity:***

Phonetic similarity is said to occur if the names /sound of the mark are so similar that a customer who is aware of a product only by name will not be able to appreciate the difference between the two names/marks. In a country like India where the rate of illiteracy is very high, phonetic similarity can be extremely misleading.

Some examples of such similarity are: i) Wipro and Epro ii) Arista and Rysta iii) Mathura Ghee and Mathurang Ghee iv) Gluvita and Glucovita v) Lakme and Likeme[111]

[111] 1996 PTR 202 3. APTN Set1, No

b) ***Visual similarity:***

Visual similarity is where marks of two products are so similar that a consumer is lead to believe that the good bearing both the marks belong to the same manufacturer. The similarity sought here is distinguishable from a mere resemblance between the two marks. For example, McDowells Ltd is the registered proprietor of a mark bearing the picture of the Kingfisher bird which was used for the beer marketed by McDowells. A mark bearing a picture of the same bird facing each other was sought to be introduced. This was rejected by the court.

One of the more famous cases of visual similarity is that of the 'bounding cheetah' and 'bounding puma' from outside the jurisdiction of the Indian courts. Puma AG is the registered proprietor of the mark of a bounding puma. The trade mark was used in respect of jewelry, leather goods, clothing and other fashion accessories. The company had filed a case in the German courts against an application by Sabel B V to register a 'bounding cheetah' device together with the name of SABEL in respect of similar goods.

The German court referred the matter to European court of Justice .The issue before the ECJ was whether there was no likelihood of

direct or indirect confusion, but only a likelihood of association (i.e. where perception of the mark calls to mind the memory of an earlier registered mark but the two are not confusing).The court held that there was no

Confusion between the marks on the following grounds:

i) The concept of likelihood of association was not an alternative to that of likelihood of confusion, but served to define its scope.
ii) As the average consumer usually perceives a mark as a whole and without analyzing its various details, the more distinctive the earlier mark, the greater the likelihood of confusion.

iii) In the case in question, the earlier mark (PUMA) was not especially well known and consisted of an image ('bounding puma') with little imaginative content. The court therefore held that the by the mere fact that the marks were conceptually similar was not sufficient to give rise to a likelihood of confusion.[112]

c) ***Similarity in idea:***

The object of disallowing marks bearing similar ideas is to ensure that one manufacturer does not copy the idea of another

[112] *Id*, pg 15, April 1998

manufacturer intelligently and pass it off, thereby acquiring benefits on account of illiterate or ill-informed customers.

Some examples of these are: i) Watermatic and Acquamatic[113] ii) Surya and Sun[114] iii) Temple Blue and Gopuram Blue[115]

d) ***Nature of the marks:***

In most situations, the court considers the type and nature of the industry and of the product, the market for the goods, the competition and nature of the customers and the impact of the marks on the customers before it concludes whether two marks are deceptively similar.

For example, in the case of pharmaceutical industry, the court considers the type of the drug and the purchaser and such other aspects before it reaches a decision. In the case of *Win -Medicare Ltd V. DUA Pharmaceuticals Pvt Ltd*,[116] Diclomol was used by the plaintiff and Dicamol was used by the defendant. The court held that the two products were similar and considered the factor that these drugs are sold without prescription. Therefore these drugs can be bought off the counter by illiterate customer and therefore restrained the use of the trademark by holding that they are similar.

[113] 1958 RPC 387
[114] AIR 1967 Mad 148
[115] APTN Set 1, No. 2, Dec 1997, p 15
[116] 1997 PTR 152

Similarly, the Delhi High Court granted an *ex-prate* injunction to Smithkline Beecham Ltd which was the registered owner of the mark Crocin against the use by Apar Pharma of Hyderabad and Cyper Pharma[117] of Delhi against the use of the word Crocinex. Both the marks were sought to be used for paracetamol tablets. The Court held that the words were so similar that the it attempt was to deliberately mislead the public. (Here the issue of phonetic similarity was also conceded).

On the other hand, in *Calida Lab v. Dabur Pharma Ltd*,[118] Calida alleged that Zexate was deceptively similar to Mexate in respect of a particular injection used to treat cancer. The Court based its conclusions only on the fact that the drugs were specialized drugs which could only be purchased showing the prescription of a cancer specialist. It was felt that the prescriptions were made by specialist doctors who are knowledgeable and are capable of distinguishing the names and therefore court held that the trademarks can be allowed.[119]

[117] APTN Set 1 No 3 April 98 p 13
[118] APTN Set 1 No2, Dec 97, p 12
[119] *Id*

The same logic was followed in the case of *Biofarma V. Sanjay Medical Store,*[120] the question was with reference to Flavedon and Trivedon for a drug that was prescribed for heart disease. The court gave importance to the fact that the drug was a Schedule H drug under the Drugs and Cosmetics Act, which meant that the drug cannot be bought off the counter. The Court held that the two drugs need not be considered to be deceptively similar on the same logic followed in the above mentioned case.

Some of the other examples where the nature of the marks were considered are:

i) Amritdhara and Laxmandhara[121]

ii) Lion and Tiger.[122] Here, though the court conceded that the names Tiger and Lion are not phonetically similar, it considered whether an unwary and innocent purchaser could be persuaded to purchase the goods of the defendants as those of the plaintiff. The court placed importance to the factor that the product is usually purchased by carpenters who are barely literate. Both the words are known by the same word "SHER" in Hindi. Considering the entire getup of the labels, the court held that the marks cannot be allowed.

[120] 1997 PTR 97
[121] AIR 1963 SC 449
[122] APTN Set 1, No 2., April 1998, p.15

DECEPTIVE SIMILARITY AND DIFFERENT DESCRIPTION:

The description of the goods become very important where the marks are deceptively similar. Even though the marks *per se* may cause confusion, if the goods over which the mark is used are so diverse, the use of both the marks may be in their respective markets.

There are instances where the goods are of different description and the Registrar opines that the marks are similar, however, the mark may be still be allowed if the goods in question over which the marks are used are so diverse that the likelihood of causing confusion to the customer is minimal. In order to decide whether the goods are of the same description or not, the following are the criteria normally considered:

a) Nature and composition of goods

b) Uses and functions of the goods

c) Trade channels through which the goods pass

Based on the above criteria,

a) Shoe and Shoe polish were held to be goods of different descriptions

b) Tires for auto mobiles and cycles were held to be goods of different descriptions

c) Ayurvedic and Homeopathic medicines were held to be goods of same description

d) Hair oil and soap were held to be goods of different descriptions (for trade mark 777)

However, even if the goods in question are diverse and different, in cases where the Registrar feels that the trademarks in question is popular and well known, or if the mark is owned by a multi-product company thereby the likelihood of the public getting confused is very high, he may still disallow the mark.

Some examples of famous trademarks that were sought to be registered for diverse products are:

a) Kodak for cycles

b) Caltex for Watches

c) Bata for Lungis

In some cases, similar / same trademarks have been allowed to pass through similar trade channels in spite of the popular image of the trademark on the consideration that the goods were of so diverse a descriptions that he is completely assured that there is absolutely no likelihood of the customer getting confused regarding the identity of the manufacturers of both products. For example 'Titan' is a registered name for watches. It is also a famous brand for watches. However, the same was allowed for food products based on the fact that the names fell within different classes of the Act (in the fourth schedule which talks about the classification of goods detailed below) and that the chances of a customer believing that the manufacturer was the same was very less.

In some cases, however, the Court has acknowledged that the goods are of different description, but has still refused registration of the same/similar names. The name Essel was refused registration for Essel Tea Exports because there was already an Essel Packaging Ltd. The Court based it conclusions by examining the trademark from the point of view of the state of mind of a

reasonable customer looking at the trademark.[123] Based on the above, the logic seems to go as follows :

a) Where the marks are not distinctive, it may be held to be deceptively similar to other mark.

b) Where the marks are deceptively similar to each other, it may be allowed if the goods on which the marks are sought to be used are of different description.

c) An exception to the above is:

i) Where the mark is very popular or if it is a multi product company.

ii) Where the court concludes that in spite of the products bearing the marks being different, confusion will prevail in the mind of the consumer considering the issue from the state of a reasonable consumer.

CONCURRENT REGISTRATION:

Normally concurrent use by two or more persons of the same trademarks are not allowed. Under exceptional circumstances where two people have honestly used the trademark the same has been allowed. Concurrent use can be established if the following is proved:

[123] 1997 PTR 92

a) The adoption and use of the trademark by both the parties was honest

b) The degree of confusion is likely is minimal

c) The relevant hardship that may be caused to the user of the trademark is not great and the hardship caused to public is minimal.

Concurrent registrations can also occur because of the following:

a) Non-opposition by registered proprietor at the time when the other user was seeking to register the mark. Then both the marks prevail in the market and slowly each gain its own consumers and distinctiveness by virtue of use.

b) Use/ registration with consent of registered proprietor. This is a more common phenomenon in the liberalized era today. More companies enter in to a registered user agreement licensing the use of their trademark for a royalty or for other specific gains. This happens in the case of joint ventures and other foreign collaboration Agreements.

Some examples are:

i) Titan oils

ii) Philip Chariol watches in India

iii) BT and Wipro agreement for Wipro BT.

c) Long user of the mark with evidence of use without resistance from registered proprietor of the mark.. This may happen either

because the other party may have been an unregistered user and therefore the registered proprietor was not aware of the use by the other party.

d) Nature of the goods could have been sufficiently different to warrant the registration in the same class. Here the class being referred to is the class under the trademark rules-detailed under the subhead 'classification of goods'

e) Improper search facilities in the registry because of which in spite of two people applying for the same mark , the search does not reveal this .As a consequence ,both marks get registered.

Normally, the registration of concurrent trademarks if either due to long use or by an agreement between the parties, will be subject to conditions especially if both the parties are operating in the same area or if the goods are similar and within the reach of the same customers. Identical marks have been registered in the same international class by different proprietors. The pharmaceutical industry has some interesting examples of such concurrent registrations:

a) Durex- Durex Products Inc, USA and The London Rubber Co, UK

b) Kerocleanse - Scientific Pharmacals Ltd, UK and Patel Brothers Service & Eng, Mumbai (Class 5)

c) Nifecard - Lek Tovarna Farmacevtskih, Yugoslavia; Biochem Pharmaceutical Industries, Mumbai (Class 5)

d) Taktic:- The Boots Co Ltd, UK and Eskayef Limited, Bangalore[124]

CLASSIFICATION OF GOODS:

It is difficult and impossible to ensure that a mark used by a proprietor for one product is never ever is used anywhere in any other product. Hence a balance is sought to be achieved to avoid duplication of the marks in same or similar products while at the same time ensuring that the mark is available for totally diverse products, in certain circumstances.

Based on the International Classification of goods, goods have been classified under the Fourth schedule of the Trade and Merchandise Marks Rules, 1958 into 34 classes. Each class has names of a few goods. Once a trademark is registered under a class, the same trade mark cannot be used for any goods that falls within the same class. However, it may be used in goods that falls in another class. Companies that have products falling with in more than one class may register the trademark in the classes

[124] APTN Set 1, No 2, Dec 31

However, with the development of commerce, trade and the diversity of economic activity, the courts have sometimes been forced to take more liberal views and allow marks that are similar/ same for products that fall within the same class. For example, the name Charminar was a very popular name for the

cigarettes manufactured by Vazier Sulatan and Co. The same name was sought to be used by another manufacturer for Zarda. Zarda and cigarettes fell with in the same class. However the person who proposed to use it in cigarettes argued successfully that the two goods were so diverse that it is very unlikely that a reasonable consumer would assume that the Zarda was also being manufactured by the cigarette maker. This however, is a judgment of the Madras High Court and the question of the same name being registered by goods within the same class is yet to be taken to the Supreme Court.[125]

TRADEMARK BECOMING A GENERIC WORD:

It should be noted that unless a trademark is carefully protected it will lose its significance. This essentially means that the trademark will degenerate in status to a generic word. The consequence is that the trademark will start referring to goods of

[125] 1996 PTC 152

that variety rather than serve as a link between that product and the manufacture. Hence the manufacturer/ owner will not be able to claim any proprietorship /ownership rights over the trademark. This may occur if the owner fails to take action against the infringor or because of the use of the mark in a descriptive sense. Some examples of these are: Asprin, Refrigerator, Gripe Water, Xerox etc. in which the goods fall.

REMEDIES FOR REGISTERED AND UNREGISTERED OWNERS:

The rights of the registered and the unregistered owners differ vastly when it comes to the remedies available for the owner of the trademark against a third party trying to use the same trademark or the trade name. The registered proprietor can sue against infringement of the mark. This is a statutory remedy.

A suit for infringement can be filed in the District Court having jurisdiction or in a High Court having original Jurisdiction to entertain the suit so long as the infringement has taken place within the territorial jurisdiction of the Court. The period of limitation is 3 years from the date of infringement. It is for the plaintiff to produce the relevant proof of infringement. In the cases of an unregistered proprietor, an infringement suit cannot be filed against the person.

An unregistered proprietor can only avail of a remedy under common law. This remedy is called the `passing off`. Any person suing under passing off must prove the ownership of the trademark. A suit for passing off rising out of any trademark must be instituted in a court not inferior to District Court having jurisdiction to try the suit. The plaintiff in a suit for passing off must be the owner and the trademark must have accumulated some good will in relation to the business.

Interim remedies in the form of injunctions are available to ensure that no injustice occurs to the plaintiff during the pendency of the litigation. In the case of *Win-Medicare Ltd V. Dua Pharmaceuticals Pvt Ltd.,*[126] Diclomol was used by the plaintiff and Dicarnol was used by the defendant. Here the Court took note of the visual as well as phonetic similarity, and considering the fact that the names were used for medicines that were sold off the counter, issued an ad-interim injunction restraining the defendant from using the trademark.[127]

In trademark disputes, it should be noted that the priority of use / registration of the trademark is of primary importance and is a major factor to be considered. Priority of registration gives prima

[126] 1997 PTR 152
[127] *Id*

facie validity for the mark. In the case of two unregistered users, priority of use will prevail. Where there is a prior unregistered user but a subsequent registered user, it is most likely that concurrent use will be allowed. In the case of prior registered user and a later application by a person seeking to use the same mark, the later user will be asked to cease and desist from using the trademark. This will essentially depend on the facts of each case. In *Bio Chem Pharmaceutical Industries V. Bio Chem Synergy Ltd*,[128] both companies were engaged in the business of selling pharma and medical products. Biochem Synergy was engaged in bulk drugs whereas Biochem Pharma were selling their drugs in strips of 10 which were available with the chemist and druggist. Here it was argued that the name Biochem was a

combination of BIO and CHEM and therefore was not distinctive. The court considered that the name Biochem was registered by Biochem Pharma and that there were 28 trademarks of the company beginning with that name. Biochem Pharma had also been in the business for the past 35 years, thereby acquiring a reputation. Hence the court held that Biochem Synergy desist the use of the word Biochem in order to ensure that the consumers are not unnecessarily avoid.

[128] APTN Set 1, No 2., April 1998, p.13

However, even in cases where the trade mark has been registered, if the owner does not use it for the period prescribed under the Act, the doctrine of non-use will apply and applicant can, on this basis seek to remove the registration from the register. This doctrine however, cannot be applied if the registration is a defensive registration of the trademark. This doctrine applies even to very well known trademarks. Recently, in UK the ELLE trademark, registered by Boots Plc, UK was removed by an application for revocation made by Safeways (a super market) stating that though the name was being used in relation to the magazine, the name as not used for toiletries for which there was a separate registration. The court accepted this argument and the registration was revoked.[129]

Earlier defensive registration was permitted for well-known trademarks. Defensive registration is the registration of trademarks in classes where the company does not have any goods in the market. This was done essentially for well-known trademark. The reason this was permitted was to essentially to protect the brand images of multi product companies. The Act abolished the system of defensive registration. Instead, registration of trademarks that are imitations of well known trademarks are not permitted any more. In order to accommodate this, the Act enlarged the grounds for refusal to register a trademark. The registrar has been vested

[129] APTN Set 1, No 2., April 1998, p.15

with the duty to protect a well-known trademark against identical or similar trademark.[130]

The Act also defines a well-known trademark.[131] In order to determine whether a trademark is well known the Registrar will consider the knowledge or recognition of that trade mark in the relevant section of the public including knowledge in India obtained as a result of promotion of the trade mark.[132] The Registrar will also consider the duration, extent and geographical area of any use, promotion and publication of the trademark and the record of successful enforcement of the rights in that trademark.[133] This amendment for well-known trademarks also has international impacts.

With liberalization, there were a lot of multinational companies that have entered into India for business. Similarly, exposure of the Indians to foreign brands as well as the trade names have become very high. Hence there are more chances for copying the foreign brand names and using them either for the same or for a different product. The net result however, was that there was beneficial infringement which India as a responsible member of the

[130] Section 11 (10)
[131] Section 11 (6)
[132] Section 11(6)
[133] Section 11 (6) (ii)

international community needed to avoid. Such use of foreign names will deter foreign investments to some extent. Even before the amendments were made, some of the High Courts were already considering cases in relation to well known trademarks and took a stand. For example, the Delhi High Court refused the registration of the name Whirlpool in India considering that the name was internationally well known and was registered by Whirlpool Corp., the name has not been registered in India under our laws.[134]

Recently in, *Allergen Inc V. Milment Optho*,[135] the Supreme Court of India considered the issue of trans-border reputation. Allergen Inc was the manufacturer of eye care products under the trademarks Ocuflox, and has registered the mark in over nine countries. Allergen had applied for registration of its mark in India. It contended that Milment Optho which also manufacturers eye care products was using the same mark in India for similar goods. The Single Judge of the Calcutta High Court had issued an interim order restraining Milment from using the mark, which was vacated after hearing the Indian Company. The case went on appeal to the Supreme Court. The Court considered certain remarks that were made by the Division Bench of the Calcutta High Court where

[134] 1996 PTC 16
[135] IPR Vol 4 No 8, August 98, pg 5

the Calcutta High Court had mentioned that these foreign brand names were no more alien to the Indians on account of the higher rate of travel and the increased advertisement in India. Eventually, Milment has offered to change its name in the Supreme Court.

Registration Of Trademarks:

The relevant application for the registration of trademark is Form TM-1. The application is submitted to the Registrar for the registration of a trademark. The 1999 Act has simplified the procedure for registration of the trademarks. Under the 1958 Act, every application for the registration of a trademark can only be in respect of goods comprised in one class only of the Fourth Schedule. The present Act has provided for a single application for registration in more than one class. However, applications for the registration of the same trademark in different classes shall be treated as separate and distinct applications for the purposes of fees. If any goods are not specified in any of the classifications, the Registrar is the final authority to determine the classification of the goods/service as the case is. In doing so, the registrar will strive to follow the international classification of goods.

The Registrar may refuse to accept the application unless he is satisfied that the specification is justified by the use of the mark which the applicant has made or intends to make if and when it is registered. The Registrar may also

require the applicant to file an affidavit along with adequate proof testifying the use of the mark by the applicant earlier. Every application for the registration of a trade mark, shall contain a representation of the mark in the concerned space. Additional representations may also be required. All representations of trade marks shall be of a durable nature, and each additional representation required to be filed with an application for registration shall be mounted on a sheet of strong paper of the size of approximately 33 centimetres by 20 centimetres, leaving a margin of not less than 4 centimetres on the left hand part of the sheet. Where a trademark contains a foreign word or letter, the registrar may require a translation. A trade mark is registered with effect from the date of filing of an application and is valid for a period of 10 years. Thereafter it can be renewed every seven years by payment of renewal fee. Earlier it was 7 years and this has been increased by the 1999 Act.

Upon the application, the Registrar on an examination of the application has the right to raises objections. If the objects are overcome then the mark is advertised in the trademarks journal. Upon advertisement of a trademark in the Trade Marks Journal it can be opposed by any person within a period of four (4) months from the date of advertisement. Oppositions are normally filed on the ground that the mark advertised is conflicting with any of your marks, registered or not. In some cases, like drug industry, oppositions are filed on the ground that the applicant should not be granted any monopoly. Notice of opposition setting

out the pleas should be filed. This may contain details of the mark, the reason for seeking monopoly and explanation why exclusivity should not be jeopardized. Counter-statement should be filed within two months from the date of service of the notice of opposition by the Trade Marks Registry. If the counter-statement is not filed within the prescribed time, the application may be deemed to have been abandoned. Then both parties are allowed to present evidences and other material proof. The 1999 Act has also provided for an Appellate Board for the speedy recovery of the appeals from the decision of the registrar. Earlier these were taken up by the respective High courts.

This Act has also enhanced the punishment for the offences and has made them on par with the punishment under the Copyright Act, 1957. This has been included to prevent the sale of spurious goods. The offences relating to trademarks are cognizable. The court also has the power to grant *ex parte* injunction to prevent continued misuse of the registered or unregistered mark within a short period of time.

CONCLUSION:

It is extremely important to be aware of and protect ones trademarks for today's business. The need for ensuring that customers identify a product with the trademark of the manufacturer has become important for every industry today on account of the following reasons:

a) There is a high level of customer awareness of the goods and the manufacturer. There are more alternatives available for every product. In every product, the customer demand and expectations are directed to individual specialized functionalities of a product.

b) The onus has been shifted to the manufacturer to educate the customers on the unique features of their products as against

products of other manufacturers performing the same or similar functionalities. This has not only increased the expectations of the customer, but has also increased the need for an assurance of quality and a mechanism to rectify the same if the assurance fails.

c) With the growth in International trade, it has become easy to pass off goods that are similar or spurious or same by spurious manufacturers. This is especially so in the international scene where manufacturers in one country can try to pass off goods in other countries.

PROTECTION OF GEOGRAPHICAL INDICATORS IN INDIA

The law of product liability and that of consumer protection has been the genesis for the emergence of the laws of trademarks. Laws on trademarks were a by product of a trans border market. The law of trademarks has always recognized the use of the names of certain cities and territories for the purpose of marketing the goods. Nilgiris and Darjeeling are some of the most common trademarks today. After the emergence of TRIPS, especially for India the importance of looking at geographical indicators as a separate area requiring intellectual property protection has become more pronounced. With this in mind, the Indian legislature has

enacted the Geographical Indications of Goods (Registration and Protection) Act, 1999. This segment is divided into three major areas of discussion. They are:

a) The genesis of the Act

b) Appraisal of the Act

c) The Critical review of the Act

The Genesis:

The term 'Geographical indicators' refers to names or expressions used in connection with goods or services in such a manner that the term connects the name of a place or a territory to the good. The purpose of this name normally is to highlight the origin/ connection of the good / service with that particular place or a territory. Earlier all such terms fell within the ambit of the Trade Marks law . However, today such names has its own commercial consequences, with the result that this area has become a separate area deserving attention. Today the geographical appellation are given the status of an Intellectual property simply because the name of the place when attached with the name of the goods, for various reasons, increases the commercial value of the goods. Another example of the same is Darjeeling tea. This has highlighted the fact that the name of the place can be used only on particular

goods that has connection with the goods and therefore leads its originality/ credibility to the goods.

The knowledge of the difference between a 'trade mark' and geographical indication is essential to appreciate the value of protecting the geographical indication. A trademark creates a nexus between the goods and the manufactures of the goods. It facilitates the consumer to identify the manufacturer and enables the manufacturer to promise a certain quality through the mark/brand. A 'geographical indicator' on the other hand, links the name of the goods with the area of origin of the goods. It promises the consumer a certain quality/make/ character in a good by virtue of the origin of the good from the place indicated.

In order to understand why India chose to protect geographical indications and how this Act eventually came into being, it is important to appreciate the development of this area of law. The various provisions of the international agreements that were important to shape this area of law is also very essential to get a grasp of the basic need for protection of geographical indications.

Internationally the importance of recognizing the appellations of origin was realized with products like wines and sprits. Egs: Scotch Whiskey and Champagne. Originally the term Scotch Whiskey was meant to denote that the particular Whisky in question was manufactured in Scotland. Similarly the term Champagne denoted that the particular was manufactured in a place in France. Both had a market products that were manufactured from that origin had French origin. The importance of the appellations of origin was felt when these same terms being Champagne, Scotch Whiskey were used for liquor/ wine as the case is, that was produced locally. However, as far as the consumers were concerned, the term denoted whiskey/wine that was produced in Scotland or France as the case was. Hence it was felt by the original manufacturers of Scotch Whiskey and Champagne that the local producers were gaining market by giving customers the impression that the product was manufactured elsewhere by using the same name. It was then that the need for the protection of the geographical appellations of origin was felt.

As a consequence, there was an international effort to recognize the importance of the geographical indicators right from 1958 when the Lisbon Agreement was first signed. The same was revised in the year 1979. Till date there are 19 states that has signed this

Agreement. India is not a signatory to this Agreement. The object of the Lisbon Agreement, 1958[136] was to provide protection of appellations of origin. The Agreement stated that the appellations of origin essentially denoted the "geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographic environment, including natural and human factors".[137] The Lisbon Agreement sought for the establishment of a Special Union for the protection of the appellations of origin.

An international Bureau was sought to be established under the Agreement whereby the geographical indicators can be registered and the respective countries can be notified of the registration. The Special Union was to consist of the countries to which this treaty applied (within the framework of the Union for the Protection of Industrial Property), contemplated an Assembly consisting of those countries which have ratified or acceded to this Act. The registration by the International Bureau of WIPO in Geneva is done upon request by a contracting State. The Agreement provides that

[136] Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of October 31, 1958 (as revised at Stockholm on July 14, 1967, and as amended on September 28, 1979), WIPO Publication: No. 264(E), *available at* http://www.wipo.org/eng/main.htm (under Documents, Texts of WIPO-Administered treaties, Lisbon agreement) (visited Aug 25, 2001).
[137] Id, glossary

it is mandatory for all the contracting states to protect the internationally registered name as long as it continues to be protected in the country of origin. Where a State cannot do so, it should detail the reasons within one year from the time the International bureau

informs the State of the need for protection of that name. The Agreement is only open to States that are party to the Paris Convention. All the instruments of ratification or accession as pre the treaty had to be deposited with the Director General of WIPO. From 1958 to 1997, 738 appellations of origin were registered.

Later the TRIPS recognized geographical indicators of origin as an intellectual property. However, the TRIPS Agreement restricts the need for protection of geographical indicators to whiskey, wines and spirits. The Agreement in Section 3 of Part II deals with geographical indications. Article 22 defines a Geographical indications as "indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin".

As per the Agreement, it is mandatory for all the Members to provide, "for the legal means for interested parties to prevent:

(a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good;

(b) any use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention (1967)".

The Paris Convention specifically states that Members are obligated to ensure that unfair competition is not encouraged by the Member. The Convention states that any act of competition which is contrary to honest business or commercial practice, in particular, among other things,

a) all acts that causes confusion by any means regarding the establishment, goods, industrial or commercial activities, of a competitor;

b) allegations or indications that discredits or misleads the public on establishment, nature etc of the goods.

As a corollary to the above mentioned principle in the Paris Convention, Article 22 (3) of the TRIPS, specifically gives a Member the right to invalidate/ refuse registration of a trademark which consists of a misleading geographical indicator provided the same is permitted by a legislation of the member. The above protections equally apply "against a geographical indication which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory."[138] Article 23 therein provides for 'Additional protection for geographical indications for wines and spirits'.

This protection is limited to wines and spirits only. This has been done with the object of preventing the use of geographical indicators in the case of wines and spirits which leads the consumer to believe that the wine or spirit is manufactured in some other place. This is equally applicable even where the true origin of goods is indicated or the geographical indications is used in translation or accompanied by expressions such as 'kind', 'type', 'imitation' or the like. The Agreement further states that Members who have a domestic legislation can invalidate a trademark that has the probability of deceiving a consumer as to the origin of the wine or spirit.

[138] See supra n 44, art 22(4)

Where the indications from two different member states are very similar to each other, then the members shall determine the circumstances of the case and ensure that the possibility of confusion to the consumers is reduced while at the same time ensuring that the producers are not left with an unfair deal. Article 24 details that Members cannot reduce the protection of geographical indications that existed immediately prior to the TRIPS Agreement. Article 24 also states that where a trademark has been obtained for a geographical indicator, unless the indicator is protected in the country of its origin, the registration of the trademark cannot opposed on the basis that it is identical with or similar to a geographical indicator. Article 24(7) also specifically states that :

"There shall be no obligation under this Agreement to protect geographical indications which are not or cease to be protected in their country of origin, or which have fallen into disuse in that country."

This has made it mandatory for countries that had geographical indicators to immediately pass legislation to ensure the protection of the same. India was one such country that passed a legislation to be in compliance with the TRIPS terms. The TRIPS however seeks to establish a Council in order to facilitate the protection of

geographical indications for wines. The Council will undertake negotiations concerning the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection in those Members participating in the system. India has objected to this by stating that the protection should not be limited to wines and spirits.

As per Article 24, the Council for TRIPS shall keep under review the application of the provisions of the Sections that related to geographical indicators. The first such review shall take place within two years of the entry into force of the WTO Agreement. India has already sent a proposal to the Council. The Council will also look at all the matters that may affect the compliance with the obligations under these provisions. The Council will initiate discussions with the through bilateral or plurilateral consultations between the Members concerned. The Council shall take such action as may be agreed to facilitate the operation and further the objectives of this Section.

The Indian Position

India as a signatory to the TRIPS and as a Member of the WTO, highlighted to the WTO that there are also products other than Wine and Sprits that had a market on account of the name of origin of the product and therefore insisted on extending the protection to

these as well. In the proposals on Intellectual Property Rights, submitted to WTO by India on February 18, 1999, the need for a higher level of protection for geographical indications for goods other than the wines and sprits were highlighted. India also claimed that unless the protection is extended, there is a danger of resulting in an anomaly.

"IT IS AN ANOMALY THAT THE HIGHER LEVEL OF PROTECTION IS AVAILABLE ONLY FOR - WINES AND SPIRITS. IT IS PROPOSED THAT SUCH HIGHER LEVEL OF PROTECTION SHOULD BE AVAILABLE FOR GOODS OTHER THAN WINES AND SPIRITS ALSO. THIS WOULD BE HELPFUL FOR PRODUCTS OF EXPORT INTEREST LIKE BASMATI RICE, DARJEELING TEA, ALPHONSO MANGOES, KOHLAPURI SLIPPERS IN THE CASE OF INDIA. IT IS INDIA'S BELIEF THAT THERE ARE OTHER MEMBERS OF THE WTO WHO WOULD BE INTERESTED IN HIGHER LEVEL OF PROTECTION TO PRODUCTS OF EXPORT INTEREST TO THEM LIKE BULGARIAN YOGHURT, CZECH PILSEN BEER, MANY AGRICULTURAL PRODUCTS OF THE EUROPEAN UNION, HUNGARIAN SZATMAR PLUMS AND SO ON. THERE IS A NEED TO EXPEDITE WORK ALREADY INITIATED IN THE TRIPS COUNCIL IN THIS REGARD, UNDER ARTICLE 24, SO

Other countries like Switzerland, the European Union, Czech Republic, Morrocco also advocated strongly for strengthening and widening the protection of geographical indications for agricultural products under Article 23. They said that Article 23, which currently applies only to wines and spirits, prevents the use of expressions such as 'kind', 'type,' or 'imitation,' which could mislead the public as to the geographic origin of the product. Unfortunately, the widening of protection under Article 23 is opposed by the US, Australia and New Zealand – governments who generally seek to strengthen intellectual property at WTO and who do not object to the use of geographical indications for wines and spirits. [139]

In India today other than in the case of rice, there are many such areas where the geographical indicators serves as a brand attracting commercial benefits. An example is the handicrafts industry. Every respective State industry in India like say, Gurjari, or Rajasthan handicrafts etc., are goods that denote that they are made from that particular geographical region. There are also very famous folkarts that are regionally associated Examples are the

[139] *See* Nutrition, Agriculture and Biotechnology, *available at* http://www.evb.ch/bd/food.htm

yakshagana of Karnataka, the Bangra of Punjab etc. These have their own market and commercial value on account of the fact that they are from that region. Hence the protection of the same is very essential. In India the need for protection was realized in the case of Basmathi rice. One of the issues in the case was that the name "Basmathi" denoted a particular variety of rice that was grown in the India – Pakistan belt. It was also argued in the case that the rice grown in that belt had peculiar qualities which cannot be duplicated by creating a similar artificial environment. Hence, it was argued that the name "Texmati" (which was given to the rice that RiceTech Inc claimed it invented) was so deceptively similar to the term Basmathi that consumers will be lead to believe that this was also a strain of rice that was grown in the India Pakistan belt. Hence it was argued that the name "Texmathi" should not be allowed for the new strain of rice that RiceTech Inc was seeking to introduce in the market. Another example of the same was in the case of Darjeeling Tea. Tea that is grown in Darjeeling had a special taste and flavor on account of which there was a special market for the same internationally. [140]

Before the present Act of 1999, Sec 9(1) (d) of the Trade and Merchandise Marks Act, 1958 specifically states a geographical name cannot be registered in Part A of the register. However, these

[140] *See* Protecting Darjeeling Tea, BUSINESS STANDARD, Nov 3, 1999.

names can be registered as a trademark under certain circumstances.

The Geographical indications of Goods Legislation: After the establishment of the TRIPS Agreement, the following were very clear:

1) That in order to seek a claim over our geographical indicators, it was essential that the indicators were protected in India first.

2) As per the TRIPS Agreement, most of the rights of the members arise from the fact the member has an internal legislation that takes care of such a protection. Hence the need for a separate legislation on this subject become very essential.

3) India also realized ignoring the need for such a protection on the basis of sovereignty will only result in the loss of intellectual property rights for India in an area which is vital for the export market.

4) As per the Indian estimates, losing the uniqueness of the indication will have effect in the export market.

Basmathi rice: For example, in the case of Basmathi, though there are at least 400 varieties of rice in India, Basmati rice comprises four per cent of India's export earnings. India earns US$800 million

annually from basmati rice exports. Ten percent of these basmati exports are consumed in the U.S. In the world markets, Indian basmati rice is the most expensive rice available. In Europe the best U.S. rice fetches a price of US$500 per metric ton. Indian basmati goes for US$1200 per metric ton. The European Union gives Indian basmati rice a duty discount of US$300 per metric ton. Soon the European Union may cease giving Indian basmati rice a duty discount. In this event, perhaps European consumers will choose quality U.S. rice from companies like RiceTec over Indian basmati rice.[141]

Darjeeling Tea: The estimated annual production of Darjeeling tea is 10 million kilos a year, but globally, 50 million kilos are sold. Spurious Darjeeling tea originates in India, as well as in Sri Lanka and Kenya. In the 1980s, the Tea Board attempted to introduce logos, to distinguish spurious stuff from the genuine. This did not work. The Darjeeling Planters' Association (DPA), in collaboration with Tea Board, is now pushing the idea of certification and protection of Darjeeling tea through trademark legislation. The Association hopes that the new legislation will help them prevent the misuse of the name.[142] Considering the above, the Bill for the introduction of the Geographical Indications of Goods (Registration

[141] Frederic Douglas, International Intellectual Property Rights Regarding Plants Native To India: Texmati = Basmati?, *available at,* http://www.homepages.go.com/~dougfrm/basmati.htm

[142] *supra n.*135

and Protection) Act was presented before the Parliament and the Act was passed in 1999 but came into force on a later date notified by the Central Government in the official gazette.

The Geographical Indications of Goods (Registration and Protection) Act, 1999 (the 'Act'):

The title of the Act itself suggests that the Act is restricted in its application to goods only. The Rules for this Act is yet to be drafted. The Act will become operational once the Rules are also in place. As per the Act, a geographical indication need not necessarily be the name of a country or territory or locality. There are two conditions under the Act to qualify an indicator as a geographical indicator. They are:

(1) it should relate to a specific geographical area;

(2) it should be used upon or in relation to a particular good originating from the geographical area;

(3) in case of manufactured goods, one of the activities of being production, processing or the preparation of the goods concerned should take place in that geographical location.

The definition 'of goods' states that the term refers to agricultural, natural or manufactured goods or any goods of handicrafts or of industry and includes food stuff.

An indicator serves three main purposes under the Act. They are:

1. Identifies the nature of the goods

2. Identifies the origin of the goods

3. Connects some quality or characteristic of the goods to the origin of the goods However, the test for an indication is very similar the concept of trademarks. Anything qualifies as an indication so long as it links the goods with the place of origin/country or territory. The term "indication" is defined in a inclusive manner in the Act. Indications includes any name, geographical or figurative representation or any combination of them conveying or suggesting the geographical origin of goods to which it applies. The Act under Section 9 prohibits the registration of the following types of indications as a geographical indicator.

(1) The use of which is contrary to any prevailing law, or

(2) Containing scandalous or obscene materials or

(3) Containing material likely to hurt the religious sentiments of the people, or

(4) That which would be otherwise disentitled to protection in court or

(5) Which, although literally true as to the territory, region or locality in which the goods originate, falsely misleads the origin of the goods to another place to the consumer.

(6) Generic names or indicators, which although may qualify as a geographic indicator, are, either not protected in the country of origin or have fallen into disuse in that territory.

The Section also clarifies that "generic names or indications" refer to the name of the good which although relates to the place or the region in which the goods were originally produced/manufactured, loses its significance and original meaning and instead serves as the designation for or indication of the kind, nature, type or other property or characteristic of the goods.[143] The conditions (5) and (6) above are a spill out from the TRIPS Agreement, as detailed in Article 24. The TRIPS Agreement has made it mandatory for every country to protect its geographical indicators if such country wants other states to provide protection.

The following factors shall be taken into account to determine whether the name is generic:

(1) existing situation in the place

(2) place in which the name originates

(3) area of consumption of goods, and

(4) other relevant factors.

(5) as The use of which would be deceptively similar.

[143] Section 2(g)

One example of an indication that has become generic is the term "Nilgiris". Although at the outset, the name could have been an indication of the place, today it is just the reference to the manufacturer. In list it is the trademark and not the geographical indicator. The term "deceptive similarity" has been defined in Section 2(c) of the Act. The Act 'deems' an indication to be deceptively similar 'if it so nearly resembles another geographical indication' as to be likely to deceive or cause confusion. This concept is very similar to that prevailing under the law of trade marks. Under it, the counts have identified the following categories amounting to 'deceptively similar'

(1) Phonetic Similarity

(2) Visual Similarity

(3) Similarity of ideas

(4) Nature of goods

Chapter V of the Act has special provisions relating to trademarks and prior users. Section 25 vests the Register of Trademarks with the right to refuse or invalidate the registration of a trademark which is :

(a) An indication of some geographic location that is misleading as to the origin of the geographical region/indication

(b) Related to goods that are specifically protected by the Government by notification in the official Gazette. An unregistered use of a geographical indication to be used over goods so notified will be an unauthorised use.

(c) A use of an indication that actually falls under the above mentioned category but accompanied by expressions such as "kind", "style", "indication" or such other expressions.

This power is a *suo motto* power. The object of this provision is to prevent the registration under the Trade Marks Act, 1999, of an indication that cannot be protected under the Geographical Indications Act, 1999.

Registration:

Registration of a geographical indicator is not is not mandatory but is very desirable under this Act. Registration under this Act is a *prima facie* evidence of validity of the indication. An unregistered user has the common law right of passing off. This again is very similar to the Trademarks Act, 1999. However, under this Act, there are two categories of authorised owners. One is ownership by registration and the other is as an authorised user.

Registration under this Act confers the following benefits:

(1) Both the registered owners and authorised users have the right of infringement.

(2) The authorised user gets the exclusive right to the use of the geographical indication in relation to the goods in respect of which the indication is registered.

There are two classes of right over the geographical indicator. These are the rights of registration and the rights of authorized use. The rights of registration is available to Association of persons, Producers, Organizations and Authorities established by or under the law representing the interests of producers. These people can make an application for registration. The Right of authorized user is available to individual producers of goods bearing geographical indicators.

Individual producers of goods, who use a geographical indicator that is already registered (by the association, etc as above), should apply for "authorized user" in writing to the Registrar. An application has to be made to the registrar detailing the indication, justifying the geographic connection of the indication, geographic map of the territory and such other particulars as may be prescribed. The class under which the indication is sought to be registered should also be

detailed in the application. All applications are made to the Registrar of the geographical indication at the Geographical indications Registry. Section 3 of the Act states that the Controller General of Patents, Designs and Trademarks will be the Registrar for the registration of Geographical indications as well.

The Central Government has the power under Section 5(2) to establish the geographical indications registries, identify a head office, define the territorial limits of the offices and facilitate registration by notifying in the official gazette. After an application is made, the Registrar has the right to reject the application or accept the same with conditions. However, even after the acceptance of the application the registrar has the power to withdraw the acceptance under certain circumstances. Once an application is accepted, it is advertised. Any person may, within 3 months from the date of advertisement oppose the application. The registrar will hear both the parties and take a decision. In case of grievance with respect to the decision of the Registrar, the Act provides for a appeal to the Appellate body established under the Act. This has to be filed within 3 months

from the date of decision of the Registrar. However, the jurisdiction of courts are barred for this stage of appeal. The procedure is the same as detailed in the Trademarks Act, 1999.

This Act is a surely a welcome step in the right direction. India has a lot geographical indicators that requires protection. However, the following are some key aspects of the Act that needs to be looked into:

(1) *Burden of Proof:* For the first time, India has introduced a statue that is not a criminal statute, where burden of proof rests on the defendant. This is in tune with the TRIPS obligation. Though it diverts from the basic assumption in criminal law that an accused is presumed to be innocent until proved guilty, this is a very welcome step considering that infringement in the intellectual property rights is very easy, especially in a country like India where the implementation is not up to the mark.

(2) *Power of the Police Officer:* In any law, more than the substantive aspects, if the procedural aspects are flawed, it results in a complete anomaly and ends with the object of the Act failing. In an legislation like this, the role of the police is extremely important. The eventual implementation of the Act vests with the police. It should be noted that the Proviso to Section 50 (4) of the Act states that before a police officer conducts search & seizure, he "shall

obtain the opinion of the registrar on the facts involved in the offence...and shall abide by the decision of the Registrar". A search and seizure occurs where the police have information that an offence is being committed. A search is done immediately before the offender has time to destroy the evidence or dispose of the goods. The entire gist of these lies in the requirement of immediate action. By making it mandatory to get the permission of the Registrar, the substance of this provision is lost. It also reflects a kind of lack of faith in the police mechanism and their ability to identify an offender. It should also be noted that the Act does not prescribe a time limit within which a registrar is bound to give an opinion to the police, in case of a query. Therefore technically when the police get an information regarding an offence under this Act, all they have to do is to shoot off a letter to the Police Department. Action has to be taken only when or whenever the registrar chooses to reply, if at all. In the mean while, if the offender becomes aware that a search is being contemplated, it will give him time to destroy/dispense with the goods. This entire provision has decreased the strength of implementation of the Act.

Moreover, the registrar is also the authority to decide the case as the first/lowest decision-making authority. This enhances the chances of forming a preconceived notion at a stage before the

search, which can manifest as a bias at a later stage. Where a registrar takes an unduly long time, there is nothing that the police can do. Secondly, in spite of all the above, if the police manage to make a seizure, within 15 days an accused can appeal to the magistrate and retrieve his goods. The entire effort of the police will become redundant. This not only decreases the deterrent value of the provision but also reduces the morale of the police. The Act vests the entire decision of whether or not the goods should be returned with the whims and fancies of a Learned Magistrate may also result in complete lack of uniformity in dealing with these cases. It is interesting to note that the same anomaly is also reflected in the Trademarks Act, 1999.

It is unfortunate to note that almost all the IP related registries in India are criticized for non-performance. The functioning of the Patent registry (the controller under the Patents Act will also be the registrar here) was criticized by the DSB of the WTO in the mail box dispute. In spite of this, we have chosen to load the registry with more duties that what is required. It is but a known fact that this Act was enacted in the wake of TRIPS Agreement. But unless the implementation is strengthened this will be one more paper tiger.

(3) *Service Marks:* The Act does not extend to service marks. One reason could be that geographical indications could have no bearing on services. On the other hand there are some services that may be specifically associated with specified geographical areas. For example, Ikebana, the Japanese form of flower arrangement. Many traditional Indian arts are specific to geographical area. Reiki is a form of medicine that is a services associated with Chinese origin. However, TRIPS does not make it obligatory to include service marks and therefore may be the Indian legislature did not want to go beyond its obligations.

(4) *Definition of goods:* The definition of goods is not an inclusive definition. Though the same looks exhaustive, may be, an inclusive definition would have been more desirable.

(5) *Deceptive Similarity:* Under the trade marks law, the concept of deceptive similarity has been developed through Judgments by the courts. Where the trademarks used over goods are deceptively similar, the law states that second mark cannot be allowed under some circumstances. There is one exception to this rule and this is where the goods over which are made used are of "different description". In such cases where the goods, do not pass through the same trade channels,

(i) then the same/similar trademark have been allowed. It is not clear whether the same logic can be applicable in the case of geographical indications as well.

(6) *Application:* No single individual can be an owner of a geographical indication. This is an extremely laudatory and well thought of provision. This prevents the monopolization of a geographical indicator by one or few persons.

(7) *Authorized User:* Section 17 of the Act details that "any person claiming to be a producer of the goods in respect of which a geographical indication has been registered" can become an authorized user. This section pre supposes that:

(1) User of geographical indicators have to necessarily form an association to seek protection.

(2) The first such producer/user of a geographical indicator will not get any protection.

There may by geographical indications that are not protected/registered but requires protection from use by foreign sources. As per TRIPS, unless the country of origin protects it through legislation, the use or misuse by outside sources cannot be questioned. Therefore a mechanism whereby the government or

the Registry itself can register some such indicators and can transfer to valid producers/ authorized users under some defined circumstances would be useful in ensuring protection.

(8) Register: The Controller General of Patent, Designs and Trademarks is the registrar under this Act. The same authority is also the registrar under the Trademarks Act, 1999.

The Central Government, should also, by official gazette notify the details of the locations of the Registries and the appointments to be made for the registry to be functional. Considering the workload involved, it probably would have been more prudent to make this as a part of the trade marks office functions.

(9) Advertisement: Section 13 of the Act details that every accepted application shall be advertised. However the time frame within which it has to be advertised is not detailed. The rules possibly will have to take care of this area.

(10) Second/Subsequent Conviction: Under Sec 41 Proviso, the Act provides the Court with discretion given to reduce the sentences for

subsequent convictions. This may lead to misuse or dilution of the penalties under this Act.

CONCLUSION:

Geographical indicators are gaining importance in view of the recent trends in globalization. The "new economy" has contributed significantly to the importance of knowledge and information as a source of property as well as potential market recognition. This has led to the market recognition of geographical indicators with specific product qualities. Consequently, the attempts at redefining the current legal position surrounding the geographical indicators must retain a focus on the influence of the information age and growing visibility and recognition of products

and names at a global level. For example, the fact that Champagne is a place in France or Darjeeling represents India tea, would be realized by a far greater audience than it was initially. These names will now have an increased brand value that it had before.

LAW OF COPYRIGHTS IN INDIA:

The law governing copyright in India is the Copyright Act, 1957 and the Copyright Order of 1991. This Act has been amended in the year 1984, 1994 and 1999. Each of these amendments made important changes to the Indian copyright statute. The Copyright Act, 1957 provides for exclusive rights to authors and other owners of original works. The object is to ensure protection from unlawfully exploitation of their works. There is no mandatory requirement of registration under the Indian Copyright Act to either get copyright protection or to sure against infringement. The only advantage of registration is that it saves the copyright owner the hassle of proving ownership at a later stage.

India is a signatory to the Berne Convention for the Protection of Literary and Artistic Works,1886 and the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations,1961.In order to give effect to the provisions of the Conventions, the International

Copyright Order of 1958 was passed. This provided equal protection to 'foreign works' first published in another member

state. The protection was similar to what will be given to Indian publications. This was a result of reciprocal arrangement whereby Indian works also got similar kind of protection in other member countries.

This was called the 'National treatment' standard. This meant that foreign works will get the same kind of treatment as Indian works. The issue arose when some member countries did not give sufficient protection local protection in their laws. That enabled locals in some countries to easily copy the foreign works. With this in mind the Paris and the Berne Conventions underwent a revision in the year 1971. The Indian Parliament subsequently revoked this order and replaced it with another order in 1991.[144] Unfortunately under this order the rights of broadcast reproductions and performers were left out. Hence another amendment was made to the copyright Act in the year 1994. This amendment made some important changes which included,

- the rights of a copyright holder
- broadcast reproduction and performer's right
- position on rentals of software
- the rights of the user to make backup copies

[144] D C Gabriel, Note on Copyright, WIPRO HANDBOOK ON INDUSTRIAL PROPERTY LAW IN INDIA.

- and most importantly the amendments imposed heavy punishment and fines for infringement of copyright of software.[145]

Copyright is vested in India by virtue of Section 13 of the Act in the following classes of work:

a) Original literary, dramatic, musical and artistic works;

b) Cinematograph works; and

c) Sound recording.

The Act defines each of these works. It specifically mentions that literary work includes computer programs.[146] Literary work is defined in Section 2(o) otherwise includes computer programs, tables and compilations including computer data bases. Interesting questions have arisen with reference to databases. Normally, the Accessibility to the data and speed of accessibility are the two main features required to identify databases. Accessibility of databases is no more limited to a few or a restricted number of people. Networking and eventually the internet in itself has widened the horizon of accessibility of all the databases.

[145] *See* The Indian Copyright Act, NASSCOM, *available at* http://www.nasscom.org/business_in_india/copyright_act.asp

[146] Section 2(o)

Unlike earlier times when a document took days to reach the recipient across the country, it now takes a matter of few seconds to travel across the globe. The result is that the volume of data processed every day as well as the number of people connected has increased. A wide range of material in a wider medium for propagation is being accessed or is accessible to a much higher number of people. Both the quality and quantity of the data has gained a lot of significance with the development of knowledge sharing which evolved with the computer era. Even Governments publish what at one time would have been confidential information. Hence data have become extremely important for all walks of life.

The huge information being created everyday, has highlighted the need for protection of databases. On account of these reasons, adequate protection of databases have become very important. The consequences of inadequate protection has been emphasized by various fact situation that has affected huge corporations. In order to provide such a protection, the first step is to analyze and arrive at the possible kinds of protection that can be provided. The object of such a protection is to ensure: a) that the owner gets his right to protect the data adequately; and b) accessibility of data for all those who legitimately wish to use the same and c) prohibition of unauthorized use of data. One of the best ways of protection of

databases is by copyrights. However, many issues may arise in the context of protection of the databases.

In databases, copyright vests as soon as a database or any data for that matter, is created. The issue in question is the prevention of infringement of already available work or the unauthorized use of a third party's work. In India, copyright is available in the form and for the substance of the matter. However,

any infringer can intelligently change the arrangement of a pre-existing database and re-use the same material thereby avoiding the copyright law. Sec 2 (v) of the Indian Copyright Act, 1957, as amended in 1994, defines 'adaptation' in relation to any work as 'any use of such work involving its rearrangement or alteration'. Sec 52 specifically states that:-'the making of copies or adaptation of a computer program by a lawful possessor of the program to utilize the program for the purposes for which it is supplied' is not an infringement. It should be noted that the form and manner of adaptation in itself can be a subject-matter of a copyright.

As per our laws today, compilations of data or documents, including materials from the public domain, can receive protection by a copyright if the creator of the compilation can show originality in the

selection and arrangement of the data. However, the author has to still prove originality in terms of the selection of the materials.[147] The protection under copyright law is not necessarily the best form of protection. Today e-commerce being the major business generator, varied data are stored in the world wide web. The wide accessibility to information is the advantage. The flip side is the misuse of such information for purposes other than for those for which it is intended.

Today the Internet in itself has become a medium for varied violations of copyright of data. Control over net-based activities have become a major cause for concern. The American Courts recently looked into a situation of copyright violations in the web. If X, a web site, links or copies something from another site, it becomes a blatant violation of copyright. However, if the same information including the substances and graphics are incorporated into the X site from a totally different site or from various sites, but only as a hyperlink, then it does not amount to copyright violation.

[147] G S Srividhya, Issues in Databases, ITT Vol 1 1999, republished in http://202.56.252.25/iprlaw/resourcedetail.asp?ID=1673&channelid=&DType=6

The Indian courts have looked into the mater in the case of *Burlington Home Shipping v. Rajinish Chibbar*[148] *(See* case in the Annexure) and held that a compilation of a list of clients and or customers developed by a person by devoting times, money and effort amounts to literary work wherein the author has a copyright. As far as the United States is concerned, the issue of protection of databases assumed importance after the decision of the Supreme Court in the case of *Feist Publications, Inc. v. Rural Telephone Service*[149]. In Feist, the Court rejected a claim of copyright for data from a telephone directory's white pages, saying that facts cannot be copyrighted, and that obvious items -such as listing names, addresses, and telephone numbers in alphabetical order, are not sufficiently creative to qualify for copyright protection. However there is copyright protection over the manner in which it is arranged. The decision rejected the 'sweat of the brow' theory of copyright, which is still followed in India.

'Copyright treats facts and factual compilation in a wholly consistent manner. Facts, whether alone or as part of a compilation are not original and therefore may not be copyrighted. A factual compilation is eligible for copyright if it features an original selection or arrangement of facts but the copyright is limited to the particular

[148] 1995 PTC 278
[149] 916 F.2d 718 (CA 10 1990)

selection or arrangement. In no event may the copyright extend to the facts themselves'.

The Feist decision had a lot of impact on publishing houses like West Publishing Inc which holds monopoly on the citations and corrected text for many court decisions. West is the only comprehensive publisher of federal circuit and district court opinions and state court opinions from all 50 states. The page numbers of the West court reporters are the basis for authoritative citations used by scholars and lawyers. As a reporter of decisions, West also makes corrections to the text of court opinions, typically after working with the judge who wrote the opinion. West wanted to prevent others from using their page numbers or the corrected text of court opinions, and has often been to court trying to prevent its competitors from using their works. West felt that the Feist decision would have a particularly bad effect on their publishing house.

After this, other big publishers have also sought to canvas for a treaty to regulate the protection of database through the auspices of WIPO. The draft of the proposed Treaty was severely criticized as curtailing the right of access to public domain material stored in the database. In 1998, the United States Congress was considering

passing the, 'The Digital Millennium Copyright Act of 1998', the object of which was:

'To amend title 17 of the United States Code, to implement the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty, to provide limitations on copyright liability relating, to material online'.

This Act sought to allow the invention of new technological devices which when added to the computer systems, detects and stops the infringement of copyright. The Act sought to restrict the circumvention of technological protection that effectively controls access to a work protected under the Act. This term is defined as:
'to circumvent protection afforded by a technological protection measure means avoiding, bypassing, removing, deactivating or otherwise impairing a technological protection measure'.

This was considered and compared with a Second Bill bearing the name 'The Internet Copyright Infringement Liability Clarification Act of 1998' before the

US Congress. This is also another unique piece of legislation as it specifically states the limitations on liability for Internet copyright

infringement. This sought to amend the US Copyright Law to include internet, copyright and the limitations on internet copyright. The term of protection envisaged was 25 years.

Musical work: Section 2(p) defines that musical work means work 'consisting of music and includes any graphical notation of such work but does not include any work or any action intended to be sung, spoken or performed with the music'. The protection for copyright in a musical work vests in the composer of a musical work. The rights that are vested on the owner of musical rights are the same as that on a literary work. These include the right to reproduce the work in any material form including the storing of it in any medium by electronic means, to issue copies of the work to the public not being copies already in circulation; to perform the work in public, or communicate it to the public; to make any cinematograph film or sound recording in respect of the work; to make any translation of the work; to make any adaptation of the work; and to do any acts specified in relation to a translation or an adaptation of the work.[150] Most often the mere facts will help the courts decide whether the owner's right has been infringed. For example, in the case of Performing Right Society, Ltd ***v.*** Indian Morning Post Restaurant,[151] the was suit in respect of an alleged infringement of

[150] Section 14 (a)
[151] Suit No. 781 of 1937, Decided on 7th November 1938, AIR 1939 Bombay 347

copyright of the plaintiffs in musical composition called 'Classica' by the defendants by performing the said composition on their premises. The court looked at the facts and based on evidence by witnesses concluded that the said composition was in fact played in the defendants premises and hence the plaintiffs copyright has been infringed.

Other works: A dramatic work includes any piece for recitation, choreographic work or entertainment in dumb show, the scenic arrangement or acting, form of which is fixed in writing or otherwise but does not include a cinematograph film.[152] On the other hand an *Artistic work* refers to a painting, a sculpture, a drawing (including a diagram, map, chart or plan), an engraving or a photograph, whether or not any such work possesses artistic quality; an architectural work; and any other work of artistic craftsmanship. [153]

Neighboring rights: These are simply the aggregate of rights and protection available to performers, producers of phonograms, and broadcasting organizations. These are called neighboring rights since these serve as the means of communicating the author's work. The WIPO Performances and Phonograms Treaty, 1996 attempts to provide effective protection to the rights of

[152] Section 2(h)
[153] Section 2(c)

authors/owners of copyright and neighboring rights. This was done especially considering the development of technology. One of the most important neighboring rights is that of the performer. After the 1994, the Copyright Act of India a performer includes an actor, singer, musician, dancer, acrobat, juggler, snake-charmer, etc. Without the consent of the performer, his work should not be fixed on a sound recording or visual recording.[154] Communicating the work of the performance will amount to infringement of the performer's rights if undertaken without the consent of the performer. However, once a performer has consented to the incorporation of his performance in a cinematograph film, his rights cease to exist.

Term of Protection: The term for which copyright subsists varies according to the nature of the work and whether the author is a natural person or a legal person. Generally speaking, copyright subsists for a term of the lifetime of the authors plus 60 years in case of a literary, dramatic, musical or artistic work. In the case of joint authorship, the term is computed from the death of the last living author. If a work is published posthumously it is a flat term of sixty years from the date of the publication, but if the name of the author is disclosed before the expiry of such period, it will be for

[154] Valasala Kutty, Copyrights and Neighboring rights management, Keynote address delivered at the Symposium on Copyright and Electronic Media organized by the Ranganathan Research Circle in New Delhi on 31 January 1998.

sixty years after the death of the author. In the case of cinematograph films and sound recording copyright subsists for a period of 60 years from publication. Where the owner of the copyright is the Government on other organization, copyright is for 60 years from publication. Publication, in this connection would mean making the particular work available to the public by issue of copies or by communicating the work to the public.

Remedies and infringement: Generally a copyright owner can either file for a civil suit, seek injunction and damages or initiate criminal proceedings. Infringement of a copyrighted work occurs when when any person without a license granted by the owner of the Copyright or the Registrar of copyrights or in contravention of the conditions of a license so granted or of any conditions imposed by a competent authority under copyright act:

I. Does anything, the exclusive right to do which is by copyright act conferred upon the owner of copyright, or

II. Permits for profit any place to be used for the communication of the work to public where such communication constitutes an infringement of the copyright in the work.

Infringement also occurs when any person makes for sales or hire, or sells or lets for hire, or by way of trade displays or offers for sales

or hire, or distributes either for the purpose of trade or to such an extent as to affect prejudicially the owner of the copyright, or by way of trade exhibits in public, any infringing copies of the work or imports into India any infringing copies of the work for the private and domestic use of the importer. Courts can grant temporary and permanent injunctions and can order for the impounding and destruction of all infringing copies, including master copies and imprisonment of the accused or imposition of fine or both. Under section 64 of the Copyright Act, any police officer, not below the rank of a sub-inspector, may if he is satisfied that an offence in respect of

copyright in any work has been, is being, or is likely to be committed, seize without warrant, all copies of the work, and all plates used for the purpose of making infringing copies of the work, wherever found and produce them before a Magistrate as soon as practicable. Under Section 66 of the Copyright Act, The Court trying any offence, may, whether the alleged offender is convicted or not, order that all copies of the work in the possession of the alleged offender, which appear to be infringing copies be delivered up to the owner of copyright. [155]

[155] Zarana Kohna, Computer Software – Protection and Copyright, *available in http://www.expresscomputeronline.com/20010827/opinions.html*

THE LAW OF DESIGN

The Law of Designs seeks to protect those products that employ visually and aesthetically more pleasing features provided the features that enhance the visual and aesthetic appeal of the product are novel, original and developed for the first time by the applicant. It is important to note that though the law of designs provides a monopoly for the features that have a bearing on visual features and aesthetic quality; it does not protect the functional aspects of the product, even if they are new. Protection for novel functional aspects would have to be sought under the law of patents. Among the laws that we humans have had from the time immemorial, the laws relating to intellectual or industrial property are of relatively recent origin. Though the first laws relating to industrial/commercial monopolies made their appearance in the Greek City States, during the fifteenth century, they did not gain any commercial significance, before the onset of the industrial revolution. In fact, for a long time, advanced nation states like UK, USA and Germany were not very sure whether IPR laws are of the great significance to industrial development at all.

The industrial revolution brought about 'Economics of Scale' and compelled the producers to look for huge common markets without

reference to national boundaries. Colonization and imperialism brought huge chunks of the world under the economic and political control of some of the dominant powers. Quite naturally, the States which were then in a relatively advanced stage of development were keen on consolidating their economic holds over the emerging market in their colonies. It was eventually the Paris Convention on the Protection of Industrial Property, 1882. The Convention sought to cover other forms of IPR, like patents, designs, trade marks, certificates of goods and appellations of origins, utility models etc.

***Indian Designs Act*:**

The Indian Patents and Designs Act was passed in 1911. Three years later, the then Indian Copyrights Act was passed in 1914. The provisions relating to Patents from this Act was repealed and replaced by the Patents Act, 1970.

The old 1911 Indian Patents and Designs Act continue to govern the law of design till 2000 when the new law replaced the old Act in tune with TRIPS.

The Act defines design as, The features of shape, configuration, pattern or ornament, applied to any article by any industrial process or means, whether manual, chemical or mechanical process, separate or continued which in the finished articles appeal, and are judged solely by the eye, but, does not include any mode or principle of construction, or anything which is in substance a mere mechanical device, and does not include any trade mark. The 2000 has amplified the original definition to incorporate therein lines and colors. This is to avoid overlapping with the copyright Act regarding the definition of design in respect of artistic work. Section 4 also adds that a design should be new, original and should not have been disclosed to the public in India or in any other country to enjoy the protection. This is a new clause and was not present in the 1911 Act.

Unlike the copyright protection for design is available only on registration. An intending applicant, who has developed a novel and original design [that is, by features that enhance the visual or aesthetic quality of the product, should first apply for Registration with the Controller of Patents and Designs before launching the product in the market. Under the Designs Act, 2000 the controller of patents appointed under the trademarks legislation will also

function as the controller of design. The Central Government also now has the power to appoint

as many examiners as is required. The Controller General of Patents and Trade Marks is the authority for the registration of designs and all matters incidental to the same. His duties are administrative and quasi-judicial. In discharging his duties he is provided with powers of the Civil Court and various discretionary powers which are circumscribed by the Act.

The various powers of the Controller include rule making power regarding the regulation of the practice of registration, the manner of registration and the fees payable etc., powers to amend any document or correct any irregularity and power to grant extension of time apart from the powers of the Civil Court when there is a proceeding before him.

All the applications for the registration of designs will be forwarded to examiners. The articles for which the design protection is claimed will be based in the international classification. Designs can only be registered in one class unlike the previous Act where it could be registered in several classes. However, the designs can be registered in one or more types of articles comprised in that

class to which the design ahs been applied for. The requirements of novelty would be lost, if the product has already come into the market, even if the launch of the product was by the applicant himself. It is always better to attach a statement detailing the novelty in the design. All this has to be signed by the applicant or his authorized agent. The design should be shown as applied in the

article, preferably with various views of the article for clarity. The earlier Act did not provide for the publication of design. Now Article 7 provides that designs can be published as soon as they are registered. After publication, the designs are open for inspection. A fee is payable for the registration of the design as prescribed in the Design Rules and the fee shall be payable by the applicant in the manner prescribed. All applications sent to the office, it will be numbered, dated and examined and the defects (including objections) are communicated to the applicant. Then the controller shall consider if it is worth accepting the design. If there are any objections then it will be sent to the applicant. All the applications filed has to be ready for registration within a period of six months otherwise it shall be deemed to be abandoned.

The new Designs Act has also several features for the restoration of lapsed designs. This has been introduced to help the registered proprietors for genuine lapses in not filing request for extension of copyright within the prescribed period. Upon payment of additional fees, the controller now the right to restore lapsed designs. The controller may have objections which the applicant will have to reply to. The other alternative is that the agent can seek a hearing for the same. In the event of a hearing that culminates in an adverse decision then the applicant will have to apply to the Controller requiring him to state in writing the grounds of his decision. The new designs legislation seeks to increase the power of the Controller to that of the civil court. All the design

accepted are entered in the Register of Designs. The number of the design, the date of registration and the class in which it is registered is detailed in the register. After registration, the applicant gets an exclusive monopoly to market those products with features that appeal to eye and the aesthetic task.

It is advised that the registered owners in order to recover compensation in case of infringement of their registered design should always display the factum of the design having been registered along with the design registration number and its year of

registration. The new Act has also become stringent with respect to infringement of designs. No suit for infringement can be initiated in any court below that of the District Judge. In the infringement proceedings, grounds for cancellation of the design shall be available as a defense.

Under the 1911 Designs Act, there was a statutory ceiling of the compensation payable to the IPR owner by the infringer. The maximum compensation receivable for design infringement was restricted to Rs. 1,000/- plus legal costs. The infringor was also obligated only to pay a sum of mere Rs 500/- for any infringement. This has been amended and the sum of Rs 500 has been enhanced to Rs 25, 000. The maximum penalty has aiso been enhanced from Rs 1000 to Rs 50,000.

TERM AND RENEWALS:

Once registered, a registered Design remains in force for a maximum period of 15 years. The applicant, who is desirous of keeping the design registration alive for the full term of 15 years, should pay renewal fee once in five years. This provision has not been amended under the new Act also. This is because TRIPS provides that a minimum of at least 10 years protection should be provided. Any person can conduct search with the Controller of

Patents and Designs about the existence of any registered design. If he/she feels that there is nothing novel or original about it and it is not register able under the Indian Designs Act, on the grounds that the design in question has already been published in India or that it has already been registered in India or there is nothing novel or original about it or that by its nature the said design is not registerable, they can revoke the design registration off the Register of Designs. Every transfer of registered Design either by way of assignment or license would have to be duly notified and registered. Otherwise, such deed of assignments/license would be inadmissible in evidence before courts of law. As a thumb rule, such transfers would have to be lodged with the Controller of Designs within six months of its execution.

PROTECTION OF SEMI CONDUCTOR AND INTEGRATED CIRCUITS:

The Semiconductor Integrated Circuits Layout Designs Act, 2000[156] protects the layout designs prevalent in an integrated circuit. Till 1999, integrated circuits in India were protected by copyright and patent laws.[157] Both of these laws were marked for its inadequacy of protection of the integrated circuits. This was because copyright

[156] *see,* http://www.naradonline.com/techno/polresource.shtml

[157] *see,* R Subramanyam, *IP rights get protection under Semiconductor Bill: Industry,* THE ECONOMIC TIMES, MAY 19, 2000 *available at* http://www.economictimes.com/190500/19econ07.htm

in integrated circuits could easily be circumvented or even infringed. Patent protected took too much time and by that time there was the danger of the chip itself becoming obsolete. Also, the concept of "originality" is of utmost significance for the integrated circuits. It is this that is sought to be protected Originality in the context of integrated circuits is irrespective of the novelty in the subject matter. Patent Law on the other hand requires that the idea should be original as well as novel. The copyright law is also considered too general to accommodate the original ideas of scientific creation of integrated circuits.[158]

TRIPS obligates India, as a WTO member to protect the intellectual property of integrated circuits of the member states. Many other member states either follow the TRIPS agreement for protection of integrated circuits or provide "*sui generis*" protection.

The Act defines layout designs in a semi conductor as a layout of transistor or other circuitry elements and includes lead wires connecting such elements and expressed in any manner in a semiconductor integrated circuit.[159] The Act provides for protection of the layout designs by registration. It also prohibits certain

[158] *see, Background and gist of the bill, available at,* http://www.naavi.com/cyberlaws/semiconductor/sbill-gist.htm
[159] Section 2(h) of the Act.

designs eligibility for registration under the Act.[160] Section 8 details that the designs in the circuits can be registered by making an application to the registrar. The Central Government is vested with the power to set up an appellate board and such other officers in the board for appealing from the registrar's decision. The role and function of the registrar and the procedures are very similar to those that were found in the 1958 trade marks legislation. Even the concept of registered user that was from the trademarks law has been retained. (A registered user is a licensee who has the right to use the trade mark or the design in the integrated circuit as the case is. He is so registered under the relevant statue which vests the status of a registered user on him). Appeals may be made to the appellate Board within 3 months from the date of the refusal order from the registrar.

Protection under this Act is for a period of 10 years. A registered layout-design is considered infringed under Section 18 when the prohibited acts are committed by anyone not being the owner of the registered design or a registered user.[161] The prohibited acts include reproducing, whether by incorporating in a semiconductor integrated circuit or otherwise, a registered layout-design either in full or in part. Any importing or selling or distributing for commercial

[160] Section 7
[161] Section 18

purposes a registered layout-design or a semiconductor integrated circuit incorporating such registered layout-design or an article incorporating such a semiconductor integrated circuit containing such registered layout-design for the use of which such person is not entitled under this Act is also prohibited in the act.

These acts will be punishable either by three years imprisonment or by a fine which is not less that 50 lakhs rupees or may go up to 10 lakhs rupees.[162] The Act also prohibits any person from making any representation with respect to a layout-design not being a registered layout-design, to the effect that it is a registered layout-design. Any person committing these offences can also be punished with 6 months imprisonment or with a fine of 50,000 rupees.[163] The Act also provides for payment of royalty for registered layout and also has a provision for determination of royalty payment for innocent infringement.

[162] Section 56
[163] Section 57