



Round-up of Developments in Intellectual Property – March 2024

DPIIT notifies the 'Draft Patents (2nd Amendment) Rules, 2024 and the 'Draft Trade Marks (1st Amendment) Rules, 2024'

The Department for Promotion of Industry and Internal Trade ('DPIIT') notified the Draft Patents (2nd Amendment) Rules, 2024¹ and the Trade Marks (1st Amendment) Rules, 2024 ('Draft Rules')² on January 2, 2024 and January 10, 2024 respectively.

The proposed amendments in the Draft Patents Rules 2024 aim at setting a process for adjudication of penalties, which system was established under the Jan Vishwas (Amendment of Provisions) Act, 2023. The broad procedure is set out as follows:

- Complaints under Section 120 of the Patents Act, 1970 (Unauthorised claim of patent rights), Section 122 the Patents Act, 1970 (Refusal or failure to supply information regarding government use by a Government Undertaking, and information regarding working of an invention, i.e. filing statements of working) or Section 123 the Patents Act, 1970 (Practice by non-registered patent agents) may be filed by any person along with a statement setting out facts and evidence supporting the statement.
- Adjudicating officers would be appointed by the Controller of Patents, and complaints would be allocated to adjudicating officers randomly, using a

computer resource system. Adjudicating officers would have certain powers of a civil court, like enforcing attendance of witnesses and compelling production of documents and material objects.

- If a *prima facie* case is not made out, the complaint may be summarily dismissed with a speaking order within 1 month.
- If a *prima facie* case is made out, proceedings would commence with issuance of notice to the violator, followed by filing of written submissions by violator, subsequent inquiry, hearings, and final adjudication within 3 months.
- Final adjudication may result in imposition of relevant penalties or awarding of compensation. Quantum of compensation would depend on the amount of unfair advantage gained through the default, amount of loss caused to any person through the default, repetitive nature of the default, and duration of the default.
- Appeals against orders of the adjudicating officers may be made before the Appellate Authority, an officer ranked above the adjudicating officers, within 60 days of passing of the order (extendable by 30 more days on demonstration of sufficient cause).
- Appeals would ordinarily require to be disposed of within 6 months by passing a reasoned order.

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¹ Notification dated January 2, 2024 accessible at <https://ipindia.gov.in/rules-patents.htm>

² Notification dated January 10, 2024 available for download at the weblink https://spicyip.com/wp-content/uploads/2024/02/English-Draft_TM_Rules-1.pdf



The proposed amendments in the Trade Marks Rules 2024 aim at streamlining the adjudicative framework for efficient administration of trade mark related matters and setting a process for adjudication of penalties, which system was established under the Jan Vishwas (Amendment of Provisions) Act, 2023. The broad procedure is set out as follows:

- Under Rule 105A of the Draft Rules, complaints under Section 107 (falsely representing a trade mark as registered) of the Trade Marks Act, 1999 ('Act') may be filed by any person on Form TM-D along with a statement setting out facts and evidence supporting the statement.
- Under Rule 105B of the Draft Rules, adjudicating officers will be appointed as per the proposed Section 112A and have powers of a civil court i.e. enforcing attendance of witnesses and compelling the production of documents and material objects.
- The adjudicating officer would be appointed by the Trade Marks Registrar for holding inquiry and imposing penalty on anyone who is found to be in contravention of Section 107 of the Act.
- The Draft Rules provide for summary proceedings of the complaints under Section 107, provided under Rule 105C and 105D of the Draft Rules. If the adjudicating officer is satisfied that a prima facie case for maintainability of the complaint has been made out within 30 days, proceedings would commence as provided under the Draft Rules.
- Under Rules 105E to 105H of the Draft Rules, an appeal against the order of the adjudicating officer as per the proposed Section 112A may be made by an aggrieved person on Form- TM-DA, along with the statement of grounds of such appeal, a copy of the certified copy of the order against which the appeal is sought and a verification form to an appellate authority, within 60 days from the date of receipt of

such order, which is extendible up to 90 days on payment of the prescribed fee.

- The appellate authority shall comprise of an officer who is at least one rank above the adjudicating officer. The fees for filing an appeal would be INR 5000.
- The appellate authority shall ensure that the appellant is heard, adhering to the principles of natural justice. The appellate authority may allow new grounds for appeal if the omission was unintentional or reasonable. The authority can confirm, modify, annul the decision, or refer the matter back for fresh adjudication. No order enhancing penalties will be passed without giving the appellant a chance to respond. The order will be in writing, with detailed reasons, points for determination, and decisions. Appeals should ideally be decided within 60 days of filing. The authority may grant adjournments, but not more than once per party without fees, and not more than two additional adjournments with fees. If a party fails to appear, the appeal can be decided *ex-parte*. However, if the absent party later provides a sufficient cause for non-appearance, the *ex-parte* order can be set aside within 1 year.

Court grants injunction in case of 'Reverse Passing-Off'

In a lawsuit filed by Western Digital Technologies against Geonix International, the Delhi High Court ('Court') held that rebranding/ repackaging of discarded products under a new trade mark and misrepresenting them to be new and unused amounts to a violation of statutory rights and the basic principle of protection of consumer interest from deceptive marketing practices³.

Western Digital Technologies Inc. ('Western') uncovered that its old/used hard disk drives (HDD) were being refurbished and sold in the market as brand new under the

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³ Order dated February 26, 2024 in Western Digital Technologies Inc. & Anr. vs Geonic International Pvt. Ltd. & Anr. [Delhi High Court CS(Comm) 168/2024]



trade mark 'GEONIX' of Geonix International Pvt. Ltd. ('Geonix International'). Western alleged that that Geonix International had physically altered Western's trade mark/branding, markings such as serial number, model and other identifiers, and even reformatted the model and serial number on printed circuit boards with its own markings.

The process of purchasing another party's products, removing or hiding the original trade mark on the product and selling the same under a new trade mark can be stated to be an instance of 'reverse passing off'. In 'reverse passing off', the violating party falsely attributes the origin of their products, leading consumers to believe that the product originates from another entity.

Western was able to demonstrate that despite the reformatting, refurbishing and rebranding of HDD's, they were still identified as the original manufacturers once a report is generated upon running the HDDs on a device.

Geonix International argued that the products were being sold under their own brand name 'GEONIX', and that there was no infringement of trade mark. It was further argued that Geonix International had acquired the products lawfully, and Western's trade mark rights were 'exhausted' under Sections 29, 30(3) and 30(4) of the Trade Marks Act, 1999.

The Court held that the acts of Geonix International were tantamount to erosion of the reputation and goodwill of Western, and that the products sold by Geonix International were products originally manufactured by Western which have been refurbished and rebranded. The Court found that this linkage, which is ostensibly

not present on the face of it, but emerges upon further investigation would have a potential detrimental effect on Western's reputation. In view of the same, the Court granted a temporary injunction in favour of Western, restraining Geonix International from impairing, altering, repackaging, rebranding HDDs bearing Western's registered trade marks.

Goodwill or Reputation- Evidentiary requirement for passing off

A Division Bench ('DB') of the Delhi High Court ('the Court') recently upheld the test of significant and substantial reputational spill over laid down by the Supreme Court of India in *Toyota Jidosha Kabushiki Kaisha vs Prius Auto Industries Limited*⁴ (the 'Toyota judgement')

Bolt Technology ('BT') – an Estonia based company engaged in the business of providing ride-hailing services – had filed a lawsuit against Ujoy Technology Private Limited ('UTPL') before a Single Judge of the Court ('Single Judge'), alleging passing off. It was alleged that by using the mark 'BOLT' for EV charging stations, UTPL had violated BT's rights on account of established spillover goodwill and reputation in the trade mark BOLT. The Single Judge did not grant temporary injunction in favour of BT, resulting in BT filing an appeal before the DB.

The question before the DB was whether BT possessed substantial spillover reputation and goodwill in India to succeed in a claim for passing off. The DB relied on the decisions in *Milmet Oftho*⁵, *Cadbury*⁶ and *N.R. Dongre*⁷ and noted that cross border reputation is sufficient to maintain an action of passing off and is thus unhinged from goodwill.

The DB placed reliance on the Toyota

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4 (2018) 2 SCC 1

5 (2004) 12 SCC 624

6 2014 SCC Online Del 367

7 (1996) 5 SCC 714



judgment of the Supreme Court, wherein it was observed that while determining the question of spillover of reputation and goodwill, the enquiry need not be confined to ascertaining the existence of a real market but the presence of the claimant through its mark within a particular territorial jurisdiction is sufficient. It was held that mere global reputation or asserted goodwill cannot be accepted as sufficient to answer a claim of transborder reputation.

On evaluation of the evidence furnished by BT, the DB held that it was insufficient to meet the test of cross border reputation as established in the Toyota judgement. The order of the Single Judge Bench of the Court refusing temporary injunction in favour of BT was accordingly upheld⁸.

Organisations not registered as Copyright Societies can also issue Licenses under the Copyright Act

The Bombay High Court ('Court') in *Novex Communications Pvt Ltd. v. Trade Wings Hotels Limited*⁹, held that organizations such as Phonographic Performance Ltd ('PPL') and Novex Communications ('Novex') can grant licenses for musical works owned by them, even if they are not officially registered as copyright societies under Section 33(1) of the Copyright Act, 1957.

The Court was adjudicating on PPL and Novex's plea against various restaurants, hotels and malls ('Defendants') which were allegedly indulging in copyright infringement by utilizing PPL/Novex's sound recordings without obtaining a license. The Defendants took the defence that PPL and Novex, not being registered as 'Copyright Societies' under the Copyright Act, 1957 are not authorised to address legal notices for collecting royalties. The Court

rejected these arguments, holding that the right of exclusive licensees and assignees to seek royalty is independent to that of a Copyright Society, and held that Novex and PPL fall under the former category.

The Court dismissed the Defendants' claims that the Copyright Act, 1957 prohibits any person, including a copyright owner from issuing licenses without registering as a copyright society, and held that the term 'business of issuing or granting license' should broadly encompass the owner's right to issue such licenses.

The Court clarified that the functions of the Copyright Societies under the Copyright Act, 1957, operate in distinct realms, with no conflict between the provisions. The contention that the absence of registration for PPL and Novex as copyright societies renders their assignment agreements illegal and invalidates their cause of action was dismissed by the Court.

The Court's decision has significant implications as it upholds the supremacy of [Section 30](#) of the Copyright Act, 1957, emphasizing the owner's authority to grant various interests in the copyright, including the communication of sound recordings to the public, which PPL and Novex, as owners/assignees, possess.

Rectification may be filed before the Court is satisfied with the tenability of challenge to registration of the trade mark

The Delhi High Court (the 'Court') in the case of *Mr. Amrish Aggarwal Trading as M/s Mahalaxmi Product v. M/s Venus Home Appliances Pvt. Ltd.*¹⁰ held that in a lawsuit for infringement of a trade mark, wherein the registrability of the trade mark is challenged, legal proceedings for removal/

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⁸ Judgment dated November 30, 2023 in *Bolt Technology OU vs. Ujoy Technology Private Limited & Anr.* [Delhi High Court (DB); FAO(OS) (COMM) 45/2023]

⁹ Judgement dated January 24, 2024 of the Bombay High Court [Neutral Citation - COMP-264-2022 and COMP-363-2019]

¹⁰ Order dated September 27, 2023 in *Mr. Amrish Aggarwal Trading as M/s Mahalaxmi Product v. M/s Venus Home Appliances Pvt. Ltd.* [Delhi High Court C.O. (COMM.IPD - TM) 258/2022]



rectification of the said mark could be filed even before the court is satisfied regarding the tenability of the challenge.

Venus Home Appliances Pvt. Ltd. ('Venus') had instituted a lawsuit previously against Amrish Aggarwal Trading as M/s Mahalaxmi Product ('Mahalaxmi') on the grounds passing off and trade mark infringement of their registered trade mark 'VENUS' in 2002 (the 'lawsuit'). In the Written Statement, Mahalaxmi challenged the validity of the registered trade mark 'VENUS', and filed an interim application under Section 124 of the Trade Marks Act, 1999 which allows for a stay of proceedings in order to enable filing of a rectification/ cancellation against the trade mark registration.

During the pendency of the interim application under Section 124 of the Trade Marks Act, 1999, Mahalaxmi proceeded to file the rectification petition. As the trade mark registration for 'VENUS' was the subject matter of an ongoing lawsuit, the Court questioned the maintainability of the rectification petition filed by Mahalaxmi.

The Court was faced with the question as to whether the rectification proceedings filed by Mahalaxmi could have been filed before it was satisfied with the tenability of the challenge asserted by Mahalaxmi in the ongoing lawsuit. Mahalaxmi relied on the judgement in Puma Stationer Pvt. Ltd. v. Hindustan Pencil Ltd¹¹, wherein it had been held that a rectification petition would still be in compliance with the statutory provisions even if it was filed after the suit was instituted, and without seeking leave of the Court.

The Court expressed reservations in adopting the view that there is no requirement of staying the lawsuit pending disposal of the rectification proceedings. It was held that the stay of the lawsuit

based on the rectification proceedings under Section 124 of the Trade Marks Act, does not require any judicial order, and is an inexorable statutory consequence of the filing of the rectification petition. Accordingly, the Court has referred the question to the Division Bench of the Court, whether it is accurate that no stay of law suit is necessary during the pendency of a rectification petition under Section 124 of the Trade Marks Act, 1999.

Madras High Court orders transfer of rectification proceedings from Trade Marks Registry, Delhi reaffirms the 'dynamic effect' principle

The Madras High Court (the 'Court') in Nippon Paint Holdings Co. Ltd. & Anr. v. Mr. Suraj Sharma & Anr.¹² allowed an application to transfer rectification proceedings ('application') pending *inter se* the parties before the Trade Mark Registry, Delhi, and directed that all records pertaining to the connected rectification proceedings be transferred within a period of four weeks to the Trade Marks Registry, Chennai.

Nippon Paint Holdings Co. Ltd. ('Nippon') had filed rectification proceedings before the Trade Marks Registry, Delhi against Mr. Suraj Sharma's trade mark registrations before instituting the a civil lawsuit for trade mark infringement and passing off before the Court. Nippon had filed an application for transfer of the rectification proceedings (currently pending before the Trade Marks Registry, Delhi) in the lawsuit contending that consolidation of proceedings is provided under Rule 14 of the Madras High Court Intellectual Property Rights Division Rules, 2022 ('IPD Rules'). Nippon also argued that as a part of the cause of action arises within the Court, such consolidation would serve the interests of justice. It was highlighted that there is no express statutory bar for such transfer, and

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¹¹ 2010/DHC/947 (Neutral Citation)

¹² Order dated March 21, 2024 in Nippon Paint Holdings Co. Ltd. & Anr. v. Mr. Suraj Sharma & Anr [Madras High Court A. No. 556 of 2024 in C.S. (Comm.Div.) No. 7 of 2024]



submitted that the 'dynamic effect' of the Mr. Suraj Sharma's trade mark registrations extended within the jurisdiction of the Court. The 'dynamic effect' principle was affirmed by the Delhi High Court in *Dr. Reddy's Laboratories Ltd. v. Fast Cure Pharma & Ors.*¹³ ('Dr. Reddy'), however, a coordinate bench of the Delhi High Court in *The Hershey Company v. Dillip Kumar Bacha & Ors.*¹⁴ ('Hershey') has referred the query for adjudication to a larger bench.

Mr. Suraj Sharma contended that the Court did not have territorial jurisdiction to transfer the pending rectification proceedings from the Trade Marks Registry, Delhi; that the application is not maintainable in view of Section 124 of the Trade Marks Act, 1999 ('Act'); that the Court can exercise its original jurisdiction only in relation to the 'IPO concerned' which is the Trade Marks Registry, Chennai as per Section 57 of the Act, read with Rule 11 (4) of the IPD Rules; that the statutory right of parties to file an appeal against the rectification proceedings before the Delhi High Court would be lost; and that the judgement of the Delhi High Court in *Dr. Reddy* is bad in law, as highlighted by

a coordinate bench of the said Court in *Hershey*.

However, the Court ultimately allowed the application holding that as there is no statutory bar as on date for directing such transfer. It was also held that under Section 125 (5) of the Act the Trade Marks Registrar has the discretionary power to transfer rectification proceedings pending before itself to the High Court, a High Court being a constitutional court would by implication be vested with such powers of transfer, and that a part of cause of action arose within the jurisdiction of the Court on account of (i) being the principal place of business for Nippon (ii) Mr. Suraj Sharma's marketing and selling of products online within the jurisdiction of the Court and (iii) the dynamic effect of Mr. Suraj Sharma's trade mark registrations are being felt by Nippon before the Court. Notably, it was highlighted how the Internet has largely eliminated territorial boundaries, and has enabled filing of applications, statutory remedies, etc. and thus, the legislature may have purposefully thought it fit to not define 'High Court' under the Act and not to restrict its meaning.

¹³ 2023 SCCOnline Del 5409 [Dr. Reddy's Laboratories Ltd. v. Fast Cure Pharma & Ors.]

¹⁴ MANU/DE/0904/2024 (Neutral Citation) [The Hershey Company v. Dillip Kumar Bacha & Ors]

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