EDITORIAL

The Journey of Geographical Indications in India: Lessons from Rajasthan
Gargi Chakrabarti

ARTICLES

Intellectual Property Protection for Fame, Luxury, Wines and Spirits: Lex Specialis for a Corporate “Dolce Vita” or a Good Quality Life?
Irene Calboli

Justifying Group Intellectual Property: Applying Western Normative Principles to Justify Intangible Cultural Property
Harshavardhan Ganesan

Jurisdiction in Trademark and Copyright Infringement Actions in India post-IPRS: Interpretations and Conclusions
Eashan Ghosh

Implementing a Sui Generis Regime for Granting Collective Rights to Legitimate Holders of Traditional Knowledge in Ecuador
Catalina Vera Moscoso

Killing Me Softly: The Slow Death Of Long – Arm Jurisdiction In Intellectual Property Cases In India
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# Table of Contents

**Editorial**  
**The Journey of Geographical Indications in India: Lesson from Rajasthan**  
*Gargi Chakrabarti* ...4

**Articles**  
**Intellectual Property Protection for Fame, Luxury, Wines and Spirits: Lex Specialis for a Corporate “Dolce Vita” or a Good Quality Life?**  
*Irene Calboli* ...8

Justifying Group Intellectual Property: Applying Western Normative Principles to Justify Intangible Cultural Property  
*Harshavardhan Ganesan* ...30

Jurisdiction in Trademark and Copyright Infringement Actions in India post-IPRS: Interpretations and Conclusions  
*Eashan Ghosh* ...59

Implementing a Sui Generis Regime for Granting Collective Rights to Legitimate Holders of Traditional Knowledge in Ecuador  
*Catalina Vera Moscoso* ...84

Killing Me Softly: The Slow Death Of Long – Arm Jurisdiction In Intellectual Property Cases In India  
*Abhilasha Nautiyal & Aditya Gupta* ...99
THE JOURNEY OF GEOGRAPHICAL INDICATIONS IN INDIA: LESSONS FROM RAJASTHAN

GARGI CHAKRABARTI*

The Journal of Intellectual Property Studies (‘JIPS’) started its journey in 2016 with the goal of disseminating information on contemporary intellectual property rights issues. Intellectual property is a dynamic subject; and this journal tries to reflect the changes happening worldwide. In furtherance of this objective, JIPS, along with National Law University Jodhpur’s (‘NLU Jodhpur’) Department of Industrial Policy and Promotion-Intellectual Property Rights Chair has been exploring the practical grass-root level experiences of holders of geographical indication (‘GI’) in Rajasthan.

GI was given statutory protection in India after the Agreement on Trade Related Aspects of Intellectual Property Rights, 1994 (‘TRIPS’) came into force, through the Geographical Indications of Goods (Registration and Protection) Act, 1999 (‘the Act’). Darjeeling tea, which was the first GI granted in India, was earlier protected under a certification mark. After the implementation of TRIPS, sui generis protection of GI was granted in India for three types of goods: agricultural goods, natural goods and manufactured goods. Under manufactured goods, handicrafts such as products of textiles and food items (including wine and spirits) are also included.

In India, GI protection in the case of handicrafts has also been extended to products of traditional cultural expression (‘TCE’). Handicrafts (like Thewa art or Molela clay art of Rajasthan) and textile goods (like Bagru Print or Sanganeri Block Print of Rajasthan) which are products of TCE are protected under GI, as any other specific mechanism for protection of TCE is yet to be available in India. Traditional culture which has been nurtured for thousands of years by different communities is coming under the purview of GI. Hence, other emotional factors like equity justification, promotion of customary rights, conservation of culture and cultural heritage etc. come under the purview of GI protection. There is a positive impact of this approach: art and handicrafts traditionally produced by different communities of different demographic areas are now listed up.

The list of products with GI protection in India is not exhaustive. Recently, West Bengal was granted GI protection for Rosogolla, as the 530th GI of India; however, there is a long road

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ahead. From the jurisprudential aspect of GI, the incentive theory of intellectual property rights takes care of the GI holders; but there is still a large gray area in the post registration phase. The products covered under GI have extensive demand in national and international markets; considering the fact that a GI does not stop anyone from making or selling the same or similar products, even after the registration of GI; it only prevents the selling of the products under the same name as that of the GI. Therefore, many fake/imitation products are available in the market. The *Pochampally Ikat and Hyko Ikat* case is a good example for the same, where the use of ‘GI Hyco Pochampally’ was seen to infringe ‘Pochampally Ikat’.

Another problem is the identification of the original holders of the GI. Since time immemorial India has faced invasion from outsiders, which contributed to the development of its mixed culture and heritage. The migration of workers and the consequent impact of India’s TCE on foreign workers and that of foreign workers on Indian artisans has also added up with time. The effect of this intermixing of culture is evident in art and handicrafts. These art forms are nurtured in similar or different ways in many countries in a region according to the market demand. *Batik* print, for example is prevalent not only in India but also in Thailand, Malaysia, Indonesia and other south-east Asian countries. But the essence of GI is lost in the products of colourable imitation available in the market. This is due to the use of different raw materials and other factors compromising the quality. Threats are mostly internal, though external threats are also rampant.

In the Act, the A-List covers the Registered Applicants, and the B-List covers the Registered Users. In reality, this demarcation is ambiguous, causing confusion amongst all the stakeholders. Further, the significance of the Registration Certificate is not clear, leading to problems with profit/benefit sharing between GI holders and users.

NLU Jodhpur’s team of researchers conducted a workshop with the artisans of Rajasthan holding registered GIs. Only eleven products of all registered GIs in India are from the State of Rajasthan, which are: *Kota Doria*, ‘blue pottery’ of Jaipur, *Molela* Clay work, *Kathputlis*, *Sanganeri* print, *Bikaneri Bhujia*, *Phulkari*, *Bagru* print, *Thewa* art, *Makrana* marble and *Pokaran* pottery craft. In the workshop, we analyzed the challenges faced by them. After getting GI registration, the expectation of the artisans was seen to be very high both for recognition in national and international markets, and for proper economic incentives in the post registration phase. However, hardly any of these expectations are met in reality. The mechanism of the post registration phase is not structured enough to cope with the colourable imitation; hence the
rationale of GI protection is at stake. Artisans are neither getting recognition nor economic returns; while customers face quality concerns because of their lack of awareness.

_Bikaneri Bhujia_ is protected under GI. A dispute arose when _Haldiram Bhujiawalala_ made similar _Bhujia_ in Kolkata using the same ratio of raw materials and the same formula. They even transported water from Bikaner, however, the taste of this _Bhujia_ was different from the original _Bikaneri Bhujia_. From this example, it is evident that climatic conditions of a particular geographical location have a huge impact on the finished product. Therefore, apart from skill and raw material, climatic conditions are an important factor attributable to the character of GI.

Despite this, fake/imitation products of GIs are rampant, as seen with _Bikaneri Bhujia_ as well as _Bagru_ and _Sanganeri_ print. Many fake products are flooding the market due to high demand from customers. There is a lack of awareness amongst end users which prevents them from differentiating between the original and fake products. Such cheap colourable imitations also cause a revenue loss for GI holders. This shows that the statutory provisions of post-registration quality control and vigilance process are not adequate to take care of the GI holders interests.

This experience is not unique for Rajasthan GI holders, but is prevalent all over India. This shows that there is a need for improvement of the post-registration mechanism, to give optimum benefit to each and every stakeholder. There are certain artefacts which are well circulated; as some artefacts are available in almost every part of the country, it is difficult to find the specific geographic origin of those artefacts. This is the essence of the West Bengal/Orissa _Rosogolla_ dispute. While in this case, West Bengal is the holder of the GI, it is possible that both the states have an equal right to the GI since linking the product with a specific geographical area is difficult. For protection of products in such cases, trademark protection under certification mark or collective mark can be thought of.

To move ahead, I suggest certain recommendations to resolve post-registration challenges. A GI portal can be created where all relevant information will be available, including the details of registered holders and users of GI. This will provide a structured base for monitoring and research. Current ambiguities relating to the A and B lists can be minimized in this way.

We should treat any product infringing GI in the same manner as counterfeit goods as provided under The Trade Marks Act, 1999. Hence, law enforcement authorities should have the
authority to support GI holders by proper vigilance and market control to stop colourable imitation. Suits and complaints regarding GI infringement are not seen as frequently as in the infringement of other intellectual property rights. There is a need of a strong initiative from GI holders and users against the fake products and there must be a forum where they can lodge their complaints. The GI holders and users may try to avoid litigation, which is a costly and time consuming affair. Hence, alternative dispute resolution mechanisms can be facilitated by such forums.

It will be extremely helpful if some mechanism can be thought of, by which end users can differentiate between original and fake products at once before buying. Start-up companies can do adequate market research and can innovate mechanisms for such differentiation. One such method can be Radio-frequency Identification Tracking or something on similar lines. Implementation and execution of these solutions might be burdensome, but must be at the earliest. The experiences of other countries can be helpful, however each country has their own unique problems. Hence, GI holders need to tackle these challenges by thinking about the situation from an Indian perspective.
I. INTRODUCTION

In this Article, I consider two exceptions to the *leges generales* ('general provisions') of Intellectual Property law governing the protection of trademarks and geographical indications of origin ('GIs'). In particular, I consider the *leges speciales*, (i.e.) general provisions, that have been introduced with respect to two specific subject matters by the Agreement on Trade Related Aspects of Intellectual Property Rights ('TRIPS'): anti-dilution protection for well-known marks, as provided in Article 16.3,¹ and anti-usurpation protection for GIs identifying wines and spirits, as provided in Article 23.² This latter protection could be extended to other GIs as part of the built-in agenda introduced by TRIPS.³ In both cases, these *leges speciales* enhance the protection granted, respectively, to well-known marks and GIs identifying wines and spirits, beyond the protection granted to marks and GIs in general (which is limited to acts that could amount to confuse and mislead consumers in the marketplace.)

Based upon this analysis, I explore whether these *leges speciales* should be viewed merely as an additional example of the growing pressure in favor of enhanced protection that has characterized Intellectual Property debate in the past decades, or whether Articles 16.3 and 23 of TRIPS could be explained differently. In particular, I consider whether these *leges speciales* should be seen exclusively as tools promoting a corporate *dolce vita* (sweet life) (by allowing businesses to further exploit their well-known marks and GIs), or whether they could also be explained as the result of a *mentalité* (mentality) that aims to protect values such as ‘tradition,’ ‘authenticity,’ and ‘high-quality’ as an important part of the general culture of the countries and

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² TRIPS, supra note 1, art. 23(1).

³ Id. at art. 24(1).
the constituencies promoting the adoption of these provisions.\footnote{For a more detailed analysis with respect to GIs, see, Irene Calboli, Of Markets. Culture, and Terroir: The Unique Economic and Culture-Related Benefits of Geographical Indications of Origin, in RESEARCH HANDBOOK IN INTERNATIONAL INTELLECTUAL PROPERTY 433 (Daniel Gervais ed., 2015).} In Italy and France, for example, the mentalité of 'high-quality' constitutes an important societal value in most aspects of everyday life, including with respect to the quality of clothes, food, wine, spirits, and commercial products.

Generally, Intellectual Property scholars have looked suspiciously at these types of social value and culture-related arguments to justify Intellectual Property protection, especially enhanced protection such as that granted by the provisions at issue. Skepticism has been repeatedly expressed by academics in the Anglo-American world, who have traditionally preferred to rely on utilitarian theories based on law and economics, namely on economic incentives and market competition. In contrast, natural and moral rights traditions—the theories upon which enhanced Intellectual Property protection is often justified—have more commonly been accepted in civil law countries, particularly in continental Europe.\footnote{The literature in this respect is extensive. For the purpose of this Article, see Barton Beebe, Intellectual Property and the Sumptuary Code, 123 HARV. L. REV. 809, 884–87 (2010) [hereinafter “Beebe, Sumptuary Code”] (positing the challenges facing a “philanthropic” use of Intellectual Property law); Kal Raustiala & Stephen R. Munzer, The Global Struggle Over Geographic Indications, 18 EUR. J. INT’L L. 337, 359–360 (2007) (criticizing the anti-usurpation GI protection as anticompetitive). Some authors, however, have supported a reading of Intellectual Property law based on its social function. See, e.g., MADHAVI SUNDER, FROM GOODS TO A GOOD LIFE: INTELLECTUAL PROPERTY AND GLOBAL JUSTICE 31 (2012) (suggesting that “Intellectual Property law must adopt broader social and cultural analysis”). Other authors have taken this alternative reading further, and compared the traditional cost-benefit utilitarian analysis with a different type of analysis, particularly turning to concepts such as “happiness” and “well-being” to assess the objectives of Intellectual Property law. See, e.g., Estelle Derclaye, What Can Intellectual Property Law Learn from Happiness Research?, in METHODS AND PERSPECTIVES IN INTELLECTUAL PROPERTY 177 (Graeme B. Dinwoodie ed, 2013); John Bronsteen et al., Well-Being Analysis vs. Cost-Benefit Analysis, 62 DUKE L.J. 1603 (2013).} Yet, despite scholarly skepticism, social value and culture-related arguments are certainly relevant in this context. A reading of the provisions at issue as the result also of a mentalité aiming at protecting a culture of ‘high-quality’ and a ‘good-quality life’ including high-quality products, offers equally important insights for the debate in these areas.\footnote{For a comprehensive analysis and critique of the provisions on trademark dilution and on GIs, see Beebe, Sumptuary Code, supra note 5, at 885.}

In particular, Articles 16.3 and 23 of TRIPS grant additional protection to signs (trademarks and GIs) that indicate the origin and quality of products that are frequently (albeit not always) known for their higher-quality compared with the type-level products that are produced in the same market sectors. The histories of many of these products demonstrate how local artisans
manufactured, or grew and processed the ingredients to produce, these products with high-quality materials, attention to details, and often in limited quantities (as opposite to mass produced products). Perhaps even more relevant, many of the producers of these products met higher-quality standards not because the law imposed those standards upon them. Instead, these producers generally considered, and in many instances continue to consider, high-quality as the most important feature of their products. Accordingly, they heavily invested (and often continue to invest) in the products’ materials and manufacturing techniques in order to maintain a reputation of high-quality as their distinguishing product feature. Thus, the leges speciales at issue are certainly derived also from the desire to protect the producers of these high-quality products against unfair competition and misappropriation, and in turn to safeguard this tradition of ‘high-quality.’ This argument has been repeated by supporters of these provisions and remains important, particularly with respect to those producers who continue to invest in the high-quality of their products.

This Article proceeds as follows. In Part II, I briefly recount the introduction into TRIPS of antidilution protection as the lex specialis for well-known marks beyond the traditional protection granted to trademarks based on a likelihood of consumer confusion. In Part III, I survey the TRIPS provisions on GIs and, specifically, the adoption of anti-usurpation protection as lex specialis for GIs identifying wines and spirits. Building upon the considerations in Parts II and III, Part IV offers some observations about the reasons behind the protection established in these provisions, including non-purely economic reasons such as a ‘good-quality life’ mentalité. In this Part, I consider the potential benefits of a balanced application of these provisions. Notably, I argue that these provisions could promote a business model based on high(er) quality, including with respect to labor standards and respect for the environment. By revisiting existing controversies in these areas from the angle of a ‘good-quality life’ mentalité, we can better understand the origin and the scope of these leges speciales. And we can develop

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For e.g., trademark law cannot force trademark owners to retain superior product quality apart from the requirement that trademarks cannot be used misleadingly, lest trademark registrations can be cancelled. Accordingly, in the United States, section 2(a) of the Lanham Act prohibits the registration of marks that are deceptive. 15 U.S.C § 1052(a) (2000). Likewise, even though several authors have compared GIs to certification trademarks, the language of TRIPS only provides that GIs guarantee that the GI-denominated products derive their characteristics, qualities, or reputation from GI-denominated regions. In particular, the granting of GI status does not per se require compliance with high-quality production techniques, such compliance remaining a discretionary choice for the national or regional authorities (e.g., the EU). See TRIPS, supra note 1, art. 22.1. See also Daniel J. Gervais, A Cognac After a Spanish Champagne? Geographical Indications as Certification Marks, in INTELLECTUAL PROPERTY AT THE EDGE 130 (Rochelle C. Dreyfuss & Jane C. Ginsburg eds., 2014).
insights on the appropriate limits to the application of these provisions to the instances in which these provisions effectively promote a ‘good-quality life’ for society as a whole and not solely a corporate ‘dolce vita.’

II. INTELLECTUAL PROPERTY PROTECTION FOR FAME AND LUXURY: ANTI-DILUTION PROTECTION AS LEX SPECIALIS IN TRADEMARK LAW

As is well recognized by trademark scholars, starting in the early twentieth century trademark protection has been justified primarily on theories of economic efficiency and consumer protection. In particular, the traditional account recites that trademarks are protected as conveyers of commercial information to the public, and prohibit only improper use of signs identical or similar to the marks by unauthorized third parties that is likely to confuse the public about the origin of the marked products. Under this account, consumer protection remains the primary focus, and trademark law protects business goodwill only as a secondary concern, not per se, but under the frameworks of unfair competition law or the law of passing-off. These limits on trademark protection have been generally justified because of the social costs that trademarks represent for market competition and, in turn, for society. Trademarks grant their owners the right to exclude other parties from using identical or similar words or symbols to identify similar goods or services for a virtually unlimited time period. This, in turn, may lead to the risk of creating an undesirable monopoly on language and other forms of expression—such as color, shapes, even sounds and gestures—should trademark protection extend to trademarks as properties per se rather than be limited to the protection of trademarks’ ‘distinctive’ function, that is, the ability of trademarks to identify products in the marketplace and convey information about the origin and quality of the products.

Yet, despite this traditional account, the position that trademarks constitute important business assets—often the most relevant assets of a company—has always been a leitmotif (recurrent theme) in the business world. In particular, trademark owners have generally resisted the idea that trademarks should be protected only insofar as the unauthorized use of

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11 Id.
identical or similar signs can confuse the public, and have repeatedly argued that trademarks should be protected also against competitors’ free riding and unauthorized uses by third parties that tarnish the goodwill and reputation of their marks.\textsuperscript{12} Throughout the decades, part of the judiciary has also supported this position.\textsuperscript{13} Notably, common law courts originally based their jurisdiction over trademark infringers on the invasion of the property in the marks—especially in marks that consisted of new and invented terms—without the need to prove any likelihood of consumer confusion.\textsuperscript{14} Similarly, in some civil law countries, namely the Benelux countries, the traditional standard for trademark protection has never been a likelihood of confusion, but instead the association that could be created between the senior marks and the unauthorized identical or similar signs.\textsuperscript{15}

Still, despite the early common law decisions and the Benelux approach, courts and legislators generally subscribed to a confusion-based framework for trademark protection in the majority of jurisdictions during the course of the twentieth century. Similarly, most national legislators wrote the requirement of ‘likelihood of confusion’ into domestic trademark laws as the \textit{sine qua non} for trademark protection. The Paris Convention for the Protection of Industrial Property, adopted in 1883 and revised several times between its adoption and the 1960s, included ‘confusion’ as one of the conditions for protection against unfair competition in Article 10\textsuperscript{bis}, and with respect to the protection of well-known marks in Article 6\textsuperscript{bis}.\textsuperscript{16} The adoption of TRIPS in 1994 ultimately confirmed ‘likelihood of confusion’ as the general standard for trademark infringement for all member countries of the World Trade Organization (‘WTO’) in Article

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\textsuperscript{12} See Frank I. Schechter, \textit{The Rational Basis of Trademark Protection}, 40 Harv. L. Rev. 813, 825. (1926–1927); Schechter promoted in the United States the idea initially developed in Germany that ["[t]he true functions . . . are, then, to identify a product as satisfactory and thereby to stimulate further purchases by the consuming public." ] Id. at 818.
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\textsuperscript{13} For a detailed reconstruction of the decisions issued by early English and America courts, see McKenna, supra note 10, at 1950-1871. For a more recent position, see Frank H. Easterbrook, \textit{Intellectual Property is Still Property}, 13 Harv. J. L. & Pub. Pol’y 108, 118 (1990). According to Judge Easterbrook, ["we should treat intellectual and physical property identically in the law."]; Id.
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\textsuperscript{14} See Edward S. Rogers, \textit{Comments on the Modern Law of Unfair Trade}, 3 U. Ill. L. Rev. 551, 552-54 (1909) (offering a detailed analysis of relevant decisions until the early 1900s); See also, Trade-Mark Cases, 100 U.S. 82 (1879), the Supreme Court also referred to the right to use a mark as "a property right."; Id., at 92.
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\textsuperscript{15} The former Benelux Trade Mark Act of 1971 provided, in Article 13, that ["the proprietor of a mark may, by virtue of his exclusive right, oppose"] the following acts: ["1. Any use made of the mark or of a like symbol for the goods or services in respect of which the mark is registered, or for similar goods or services"] and ["2. Any other use, in economic intercourse, of the mark or of a like symbol made without a valid reason under circumstances likely to be prejudicial to the proprietor of the mark."] Benelux Trade Mark Act, Trb. 1962, 58 arts. 13-Al and 2.
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Regardless of the acceptance of ‘likelihood of confusion’ as the legal standard for trademark protection, however, the pressure to directly protect trademarks per se never left trademark practice. Trademark owners continued to use marks as ‘things’ throughout the decades, either because of a ‘widespread ignorance’ of the law or by ‘making the most of [its] exceptions.’ In addition, in the early twentieth century, prominent practitioners started to support the position that the function of a trademark was not just that of distinguishing goods and services, but also to attract consumers by relying on the distinctiveness and uniqueness of a mark. In particular, in the United States, Frank Schechter elaborated the theory (imported and ‘adapted’ from Germany) of trademark dilution. Under this theory, trademarks ought to be protected against the dilution, that is, the ‘whittling away,’ of their uniqueness and distinctiveness. In this context, well-known marks were seen as the category of marks more vulnerable to suffer harm from the loss of their uniqueness and ‘attractive power,’ and thus deserving anti-dilution protection.

In 1925, the pressure for additional protection for well-known marks also brought the international community to accept the special status of well-known marks as part of the Hague Revision of the Paris Convention. In this forum, member countries of the Paris Convention adopted Article 6bis, which mandates that members should refuse or cancel the registration, or prohibit the use of any mark that “constitute[s] a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well-known in that country.” Certainly an important victory in favor of

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16.1.\textsuperscript{17} Regardless of the acceptance of ‘likelihood of confusion’ as the legal standard for trademark protection, however, the pressure to directly protect trademarks per se never left trademark practice. Trademark owners continued to use marks as ‘things’\textsuperscript{18} throughout the decades, either because of a ‘widespread ignorance’ of the law or by ‘making the most of [its] exceptions.’\textsuperscript{19} In addition, in the early twentieth century, prominent practitioners started to support the position that the function of a trademark was not just that of distinguishing goods and services, but also to attract consumers by relying on the distinctiveness and uniqueness of a mark. In particular, in the United States, Frank Schechter elaborated the theory (imported and ‘adapted’ from Germany) of trademark dilution. Under this theory, trademarks ought to be protected against the dilution, that is, the ‘whittling away,’ of their uniqueness and distinctiveness.\textsuperscript{20} In this context, well-known marks were seen as the category of marks more vulnerable to suffer harm from the loss of their uniqueness and ‘attractive power,’ and thus deserving anti-dilution protection.

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\textsuperscript{17} TRIPS, supra note 1, art. 16.1. Article 16.1 recites that “[t]he owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.” Id.


\textsuperscript{19} Nathan Isaacs, Traffic in Trade-Symbols, 44 HARV. L. REV. 1210, 1210 (1931).

\textsuperscript{20} See Schechter, supra note 12, at 818. By importing into the United States an idea originally developed in Germany, Schechter developed the theory that “[t]he true functions of the trademark are . . . to identify a product as satisfactory and thereby to stimulate further purchases by the consuming public.” Id. For critical overview of the origin of the anti-dilution theory, see Barton Beebe, The Suppressed Misappropriation Origins of Trademark Anti-Dilution Law: the Landgericht Elberfeld’s Odol Opinion and Frank Schechter’s The Rational Basis of Trademark Protection, in INTELLECTUAL PROPERTY AT THE EDGE 59 (Rochelle C. Dreyfuss & Jane C. Ginsburg eds., 2014).

\textsuperscript{21} Art. 6bis, Paris Convention. The provision was introduced during the Convention’s revision at The Hague Conference on November 6, 1925. The request for cancellation s a five years from the date of the registration, whereas no time limit applies in the cases in which the registration was filed, or the mark was used, in bad faith.
the recognition of a separate status for well-known marks, the adoption of Article 6bis nevertheless continued to be linked to the requirement of consumer confusion between the well-known marks and the infringing signs.

As a result, trademark owners continued to lobby for additional protection against the dilution of the distinctive power of their marks regardless of the existence of consumer confusion.\textsuperscript{22} The legislative history of the 1946 United States Trademark Act (‘Lanham Act’) shows, for example, that anti-dilution proposals were introduced in the some of the drafts of the statute, but were ultimately rejected in the final version of the 1946 Act. Still, some U.S. states succumbed to the pressure of the business world and enacted state-wide variations of anti-dilution protection.\textsuperscript{23} Trademark owners also continued to pressure lawmakers in the United States into recognizing anti-dilution protection at the federal level. The same was true in some European countries and at the international level. Throughout the decades, the pressure for enhanced trademark protection continued to grow, also due to economic changes in product manufacturing and distribution, a growing and interconnected international marketplace, the widespread use of licensing agreements, and the rise of trademark merchandising as an important vehicle for additional profits (royalties) for trademark owners.\textsuperscript{24}

Eventually, in 1994, trademark owners succeeded in their plea with the adoption of Article 16.3 of TRIPS, which introduced anti-dilution protection at the international level.\textsuperscript{25} In particular, the final language of Article 16.3 of TRIPS expanded the reach of Article 6bis of the Paris Convention beyond similar goods and services. More relevantly, the provision no longer required a likelihood of consumer confusion as the basis for trademark protection of well-known marks under the circumstances indicated under Article 16.3. Instead, the provision recites that protection for well-known marks now requires prohibiting the use or the


\textsuperscript{22} \textit{See}, \textit{e.g.}, Schecter, \textit{supra} note 12, at 825–26; \textit{See also} Rudolph Callmann, \textit{He Who Reaps Where He Has Not Sown: Unjust Enrichment in the Law of Unfair Competition}, 55 Harv. L. R. 595 (1942).

\textsuperscript{23} \textit{See} Walter J. Derenberg, \textit{Dilution and the Antidilution Statutes}, 44 Calif. L. Rev. 439, 449 (1956). Schecter himself drafted one of the proposals, the Perkins Bill, in 1932, which included protecting ["coined or invented or fanciful or arbitrary mark[s]"] against uses that could ["injure the good will, reputation, business, credit or securities of the owner of the previously used trademark[s]."] \textit{Id}. (citing H.R. 11592, 72d Cong. (1st Sess. 1932)).

\textsuperscript{24} \textit{See}, \textit{e.g.}, Calboli, \textit{Merchandising, supra} note 9, at 877–880.

registration of identical or similar signs with respect to any goods or services when such use or registration would indicate a connection with existing well-known marks and "provided that the interests of the owners of the registered trademark[s] are likely to be damaged by such use."26

The adoption of Article 16.3 of TRIPS followed the introduction of a similar provision in the European Trademark Directive in 1988.27 The European provision was derived from the trademark provisions in the Benelux and was largely implemented by the EU Member States (even though the implementation of the provision was optional).

As a result of Article 16.3 of TRIPS, most countries worldwide had now to implement anti-dilution protection as the lex specialis protecting well-known marks into their national laws28—including those countries that were not in favor of anti-dilution protection before the adoption of TRIPS. The adoption of the provision, and the resulting changes that had to be introduced into the national trademark laws, nonetheless met with criticisms.29 Several scholars voiced their discontent with the new standard and emphasized that anti-dilution protection departs from the pro-consumer and pro-competitive objectives of trademark law in favor of protecting corporate interests directly.30 Two decades after the adoption of TRIPS, the anti-dilution lex specialis for well-known marks continues to be controversial.31 In Part IV, I acknowledge that several of the arguments that have been raised against anti-dilution

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31 The current controversies have primarily focused on the interpretation of the (statutory or judicial) factors to assess dilution and on the availability of defenses. Some authors, however, continue to question the acceptability of anti-dilution protection as an additional cause of action besides trademark infringement. See, e.g., Barton Beebe, The Continuing Debacle of U.S. Antidilution Law: Evidence from the First Year of Trademark Dilution Revision Act Case Law, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 449 (2008).
protection are well founded. However, I also consider the role of the above mentioned 'high-quality' mentalité, and posit whether this protection could be justified, in some cases, as a tool to prevent the misappropriation of marks identifying products of high quality, and thus as a tool to promote a culture of high quality in manufacturing in general.32

III. INTELLECTUAL PROPERTY PROTECTION FOR WINES AND SPIRITS: ANTI-USURPATION PROTECTION AS LEX SPECIALIS FOR GEOGRAPHICAL INDICATIONS OF ORIGIN

Another area in which enhanced protection is granted to commercial indicators via a lex specialis is the area of GIs—namely with respect to geographical terms that identify wines and spirits.33 As I elaborate below, this lex specialis extends anti-usurpation protection to the GIs at issue regardless of the existence of any consumer confusion or unfair competition. Historically, this enhanced type of protection started as a limited affair under the auspices of the Madrid Agreement for the Repression of False and Deceptive Indications of Source on Goods (‘Madrid Agreement’), which for the first time provided added protection to the indications of the geographical source for wines.34 A similar type of protection was later introduced into TRIPS for GIs identifying wines and spirits.35

Generally, the adoption of TRIPS marked a milestone in advancing the GI protection agenda. As parties to TRIPS and member countries of the WTO, the majority of countries worldwide had to implement the ‘legal means’ to prevent the use of GIs that “mislead the public as to the geographical origin of the goods,” or that “constitute an act of unfair competition within the meaning of Article 10bis of the Paris Convention” under the rule of Article 22.36 Article 22 also required that WTO member countries “refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated” when the use of the GI “Is of such a nature as to mislead the public as to the true place of origin.”37

32 See discussion infra Part IV.
33 TRIPS, supra note 1, art. 23(1).
35 TRIPS, supra note 1, art. 23.
36 TRIPS, supra note 1, art. 22.2(b).
37 Id.; Art. 22.2(a). TRIPS did not mandate any specific means to implement GI protection, leaving TRIPS members free to adopt the means that best suited their respective legal systems. See Dev Gangjee, Quibbling Siblings: Conflicts Between Trademarks and Geographic Indications, 82 CHI.- KENT L. REV. 1253, 1256–9 (2007) (recounting the scholarly discussion over the possibility to protect GIs under trademark law).
Besides this general protection, WTO member countries agreed on enhanced protection, a *lex specialis* under Article 23, for GIs identifying wines and spirits. The fact that countries from both the ‘old world’ and ‘new world’ camps had, and have, considerable interests in the wine and spirits business undoubtedly contributed to the double standard created between general GIs and GIs related to wines and spirits under TRIPS.\(^{38}\) In particular, Article 23 prohibits the use of terms that are similar or identical to GIs identifying wines and spirits when the products do not “originat[e] in the place indicated by the geographical indication,” including when “the true origin of the goods is indicated or the [GI] is used in translation or accompanied by expression such as ‘kind’, ‘type’, ‘style’, ‘imitation’, or the like.”\(^{39}\) Article 23 additionally states that member countries may refuse or invalidate trademark registrations containing or consisting of GIs identifying wines or spirits.\(^{40}\)

Despite this anti-usurpation protection, however, GIs identifying wines and spirits remain subject to the general exceptions provided under Article 24 of TRIPS. Specifically, Article 24 grandfathers existing trademark rights with names similar or identical to GIs that were in use, or had been registered in good faith before the date of the implementation of TRIPS in the member country where the mark was registered, or before the GI was protected in its country of origin.\(^{41}\) In addition, member countries are not obliged to “prevent continued and similar use of a particular [GI] of another Member identifying wines or spirits in connection with goods and services” where the GI has been used “in a continued manner with the same or related goods or services” in the territory of that country for at least ten years prior to April 15, 1994 (the date of the adoption of TRIPS), or where this continuous use has been in good faith.\(^{42}\) Finally, Article 24 provides that the terms that have become generic in a given TRIPS member country can continue to be used as such in the territory of that country.\(^{43}\) The ongoing disputes over the use of terms like ‘champagne,’ ‘chablis,’ ‘cognac,’ and so forth between European and North American countries are relevant examples of the impact of this exception and likely the reason behind the adoption of this provision.

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\(^{38}\) TRIPS, *supra* note 1, art. 23.1.

\(^{39}\) *Id.*

\(^{40}\) *Id.*, art. 23.2.

\(^{41}\) *Id.*, art. 24.5.

\(^{42}\) *Id.*, art. 24.4.

\(^{43}\) TRIPS, *supra* note 1, art. 24.6.
In addition to establishing anti-usurpation protection for GIs for wines and spirits, TRIPS provided a built-in agenda for future GI negotiations. Article 23 requires, in particular, that member countries agree to enter future negotiations in order to establish a multilateral system of notification and registration of GIs for wines and spirits, which would facilitate their enforcement and prevent their illegal use.44 Similarly, beyond the domain of wines and spirits, Article 24 of TRIPS mandates that member countries agree to engage in future negotiations in order to extend the anti-usurpation protection granted to GIs for wines and spirits to all GIs.45

In an attempt to promote discussion on these topics, and advance the TRIPS built-in agenda, the debate on GIs protection was included in the list of issues to be addressed by the Doha Ministerial Declaration as part of the Doha “Development” Round of WTO negotiations in 2001.46 In particular, the Doha mandate included creating a multilateral register for wines and spirits (and possibly for all GIs), and extending anti-usurpation protection beyond GIs for just wines and spirits.47 Perhaps an overly ambitious objective, both issues were supposed to be debated, and resolved, by the end of 2003. But when national delegations met in Cancun in 2003, they could not reach an agreement.48 Moreover, the negotiations collapsed and no significant progress was made in order to pave the way for the multilateral registry and extending anti-usurpation protection beyond GIs for wines and spirits. As of today, this impasse continues at the multilateral level,49 and countries have discussed issues related to GIs primarily within the framework of individual free trade agreements (‘FTAs’).50 In these fora,

44 Id., art. 23(4); See also Justin M. Waggoner, Acquiring A European Taste for Geographical Indications, 33 BROOK. J. INT’L L. 569, 578 (2008).
45 TRIPS, supra note 1, art. 24(1).
46 See Ministerial Declaration, WTO document WT/MIN(01)/DEC/1, adopted in Doha, Qatar, November 14, 2001 [hereinafter “Doha Declaration”]; See also the consolidated statement by Cristophe Geiger et al., , Towards a Flexible International Framework for the Protection of Geographical Indications, 1 WIPO JOURNAL 147, 157–58 (2010).
47 Doha Declaration, supra note 46.
both camps have been able to reach some modest success in advancing a compromise position on GI protection, yet controversy has continued to dominate the debate.\footnote{See, e.g., the Agreement Between the United States and the European Community on Trade in Wine, U.S.-E.C., Mar. 10, 2006, available at http://www.ttb.gov/agreements/us_ec_wine_agreement.shtml (allowing the sale in the EU of wines produced in the US with methods not permitted otherwise in the EU in exchange to “seeking to change the legal status” of several quasi-generic wine-related indications). Art. 6.1 of the Agreements establishes the terms of the US commitment, which is detailed in Industry Circular No. 2006-1, M. 10, 2006, available at http://www.ttb.gov/industry_circulars/archives/2006/06-01.html. Similarly, in March 2014, as part of the ongoing trade negotiations between the United States and the EU, the EU requested that the US cease to use names of cheeses that are protected by GIs in Europe but are considered generic in the US. See Europe Starts Food Fight with U.S. over Cheese Names, L.A. TIMES, March 12, 2014, available at http://www.latimes.com/business/l-fi-eu-cheese-fight-20140312_0,1938455.story#axzz2wViO7JK.}

Not surprisingly, the recognition of GI protection and the adoption of a \textit{lex specialis} anti-usurpation for GIs for wines and spirits were greeted with mixed reactions by member countries.\footnote{For a detailed analysis of debate on GIs, see Dev Gangjee, \textit{RELOCATING THE LAW OF GEOGRAPHICAL INDICATIONS} (2012).} Supporters of GIs hailed the provisions as much-needed recognition of an important type of right that is necessary to protect and promote GI-denominated products. In this respect, they repeatedly highlighted the unique communicative function that GIs perform in the marketplace, and advocated the reopening of GI negotiations in order to adopt the multilateral registry mentioned in Article 23, and extend anti-usurpation protection for all GIs. Supporters of GIs also repeatedly stressed that GIs play a fundamental role as promoters and guarantees of the quality of the GI-denominated products because of the specific characteristics of the territory where the products are grown or manufactured, characteristics that, in their whole, cannot be replicated elsewhere.\footnote{See, e.g., Michelle Agdomar, \textit{Removing the Greek From Feta and Adding Korbel to Champagne: The Paradox of Geographical Indications in International Law}, 18 FORDHAM INTL. PROP. MEDIA & ENT. L.J. 541 (2008). See also Irene Calboli, \textit{Expanding the Protection of Geographical Indications of Origin Under TRIPS’ “Old” Debate or “New” Opportunity?}, 10 MARQ. INTL. PROP. L. REV. 181, 184 (2006) [hereinafter “Calboli, Expanding Protection”].}

Against these arguments, however, opponents of GI protection repeated that GIs do not encourage and reward innovation, but instead promote tradition and conformity within a very specific geographical region; thus they are essentially an impediment to progress,\footnote{See, e.g., Raustiala & Munzer, \textit{supra} note 5, at 359–360; Cf. Dwijen Rangnekar, \textit{The Socio-Economics of Geographical Indications: A Review of Empirical Evidence from Europe}, UNCTAD-ICTSD Project on IPRs and Sustainable Development, 15, May 2004, available at http://ictsd.org/i/publications/12218/?view=document [hereinafter “Rangnekar, Socio-Economics of GIs”].} and are anti-competitive, particularly when they offer anti-usurpation protection beyond needed to avoid consumer confusion and deception.\footnote{See Raustiala & Munzer, \textit{supra} note 5, at 352–59.} Opponents of GIs also objected to international
negotiations regarding the creation of a multinational register for wines and spirits and the possibility of expanding GI protection to the anti-usurpation level for all GIs.\textsuperscript{56} In particular, they raised the argument—used also against anti-dilution protection in the domain of trademarks—that protection against consumer confusion, the current general standard under Article 22 of TRIPS, is sufficient and any added protection would simply become a subsidy and a marketing tool in favor of GI-denominated products and regions against other producers of the type-level products, and in turn against market competition.\textsuperscript{57} In Part IV, I agree with several of these criticisms. In particular, I criticize the definition of GIs offered by Article 22 of TRIPS, according to which GIs are “indications which identify a good as originating in [a] territory” in which “a given quality, reputation or other characteristic of the good is essentially [but not necessarily exclusively] attributable to its geographical origin.”\textsuperscript{58} Still, I support extending anti-usurpation protection to all GIs when GI-denominated products originate exclusively from the GI-denominated region. In these instances, this protection could benefit local and rural development as well as promote the conservation of local culture. Also in this area, understanding the role of the ‘high-quality’ mentalité, according to which ‘good quality’ products are an important societal value, is important to fully grasp the complexity of the GI debate and the related controversies.\textsuperscript{59}

IV. INTELLECTUAL PROPERTY LAW AS \textit{LEX SPECIALIS} FOR A CORPORATE “DOLCE VITA” OR FOR A “GOOD-QUALITY LIFE”?

As I mentioned above, the introduction of Articles 16.3 and 23 into the final text of TRIPS was met both with opposition and cheers by different constituencies. In general, I agree that the introduction of these provisions derived, to a large extent, from the pressure to extend exclusive rights in, respectively, well-known marks and GIs and to maximize their marketing value. These provisions, however, also originate in a \textit{mentalité} that values ‘high quality’ as an

\textsuperscript{56} For an overview of these arguments, see Felix Addor & Alexandra Grazioli, \textit{Geographical Indications Beyond Wines and Spirits – A Roadmap for a Better Protection for Geographical Indications in the WTO TRIPS Agreement}, 5 J. WORLD INTELL. PROP. 865, 867 (2002). But see Steven A. Bowers, \textit{Location, Location, Location: The Case Against Extending Geographical Indication Protection Under the TRIPS Agreement}, 31 AIPLA Q.J. 129, 140 (2003).

\textsuperscript{57} See Raustiala & Munzer, \textit{supra} note 5, at 351; But see Marco Ricolfi, \textit{Geographical Symbols in Intellectual Property Law}, in \textit{SCHUTZ VON KREATIVITÄT UND WETTBEWERB} 242 (Reto M. Hilty et al. eds., 2009).

\textsuperscript{58} TRIPS, \textit{supra} note 1, art. 22(1). Similarly, WIPO defines GIs as “sign[s] used on goods that have a specific geographical origin and possess qualities, reputation or characteristics that are essentially attributable to that origin.” WIPO, \textit{Overview of Geographical Indications}, available at http://www.wipo.int/geo_indications/en/ (last visited March 21, 2014).

\textsuperscript{59} See discussion \textit{infra} Part IV.
important societal value—a value that should be defended with appropriate legal means according to the supporters of these provisions. In this Part, I suggest that the debate over anti-dilution protection for trademarks and anti-usurpation protection for GIs cannot be grasped in its entirety without considering this mentalité. Despite criticisms of it, acknowledging this mentalité remains crucial to fully understand, in the correct historical, social, and national context, the importance placed by the supporters of these enhanced protections on concepts such as ‘authenticity’ and ‘tradition.’ In particular, these concepts embody equally important societal values that deserve to be protected as a matter of public policy compared to concepts such as ‘innovation’ and ‘competition,’ the value traditionally at the basis of Intellectual Property protection in the Anglo-American world.

As I indicated above, scholars have criticized the introduction of anti-dilution protection into trademark law, stressing that the justification for such protection rests on the assumption that trademarks deserve to be protected as business assets rather than as indicators of commercial origin and product quality. Moreover, scholars have noted that anti-dilution protection was adopted in order to safeguard “the uniqueness or individuality of [famous] trademark[s],” thus their ‘singularity,’ against the unauthorized use “upon either related or non-related goods.” Yet, well-known trademark owners frequently do not hesitate to ‘self-dilute’ the uniqueness of their well-known trademarks with brand extensions on a large variety of (often unrelated and mass-marketed) products, from which they capture lucrative royalties. Accordingly, scholars have pointed out that anti-dilution protection is no longer protecting trademark uniqueness, but rather the ability to extract value from the use of these marks on related or unrelated products. Similarly, scholars have pointed out that anti-dilution protection is frequently used as a tool to protect well-known marks as symbols per se, and in turn as symbols of (desired)

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62 Id. at 831.
63 Id.
65 Id.
social status and (presumed) wealth, a value that not should be protected as a matter of public policy.\textsuperscript{66}

These criticisms are certainly on point with respect to many trademarks that are today used on every imaginable product—from smartphone covers, to key chains, sunglasses, and so forth. But not all well-known trademarks’ owners engage in this type of ‘value extracting’ brand extensions, and embrace a mentality in which more profits become an equally relevant, or even more relevant, factor than the high quality of their products. This mentality (pun intended) certainly dominates among large companies, multinational corporations, and investment funds, for which the most important business objective seems to have become high profits at all costs, and thus larger volumes of sales to often unknown consumers worldwide.\textsuperscript{67} In contrast, some small, mid-size, and at times also larger companies, continue to follow a tradition of high quality, perhaps less quantity, and personalized attention to consumers—the same tradition that made their products, and their marks, well-known in the first place.\textsuperscript{68} The argument could be made that anti-dilution protection could be justified in the instances where such protection could promote the ability of these businesses to signal the higher quality of their products—in terms of materials, style, and techniques used in making these products.

In particular, should the owners of these well-known marks not able to prevent free riders from making subpar, yet non-confusing, similar products or from using similar marks for unrelated products, these subpar or unrelated products could ultimately impact the ability of these producers to signal the higher-than-average quality of their products. In turn, this could


\textsuperscript{68} Some of these companies are famous world-wide, such as Bruno Magli, a company known for the high quality of its footwear that are manufactured with meticulous detail and sold in company stores or in high-scale retailers. Others are niche-famous—like the luxury handbag designer Maddalena Marconi in my native Bologna. In general on the difference between mass-luxury and importance of high quality and uniqueness see Jean-Noël Kapferer, \textit{Why Luxury Should not Delocalize-A Critique of a Growing Tendency}, March-April, \textit{EUROPEAN BUSINESS REVIEW} 28 (2012); Lucien Karpik, \textit{Valuing the Unique : The Economics of Singularities} (2010).
deter these producers from investing in product quality, or could drive them out of the market, especially in the case of small businesses. In fact, courts in both the U.S and the E.U. have provided anti-dilution protection to mark owners to protect the quality of the product. In *Rolex Watch U.S.A. v. Canner*, the US court held that there was no likelihood of confusion as a rational buyer would not be misled to believe that a twenty-five dollar counterfeit Rolex watch available at a flea market was a true Rolex; but consumers would be discouraged from buying real Rolex watches if poor quality counterfeit watches become readily available, as the items would then become too common place and no longer possess the prestige once associated with them thus diluting Rolex’s prestigious image. Even when goods are dissimilar, as in *Steinway & Sons*, the mere fact that consumers would be inclined to associate the inexpensive, mass-produced products of the defendant with the high-end musical instrument company, was said to dilute the reputation of Steinway & Sons as the infringing product was incompatible with the quality and prestige attached with the well-known mark. Further, the European Court of Justice has also reiterated this quality consideration of luxury goods in *Christian Dior* wherein it stated that the quality of luxury goods is not just the result of their material characteristics, but also of the allure and prestigious image which bestows on them an aura of luxury. Therefore, “an impairment to that aura of luxury is likely to affect the actual quality of those goods” and this necessitates the specific anti-dilution protection.

In these instances, anti-dilution protection could fulfill a valuable social function as an incentive for these producers to maintain a high product quality, which could promote a culture of high product quality for competitors (in order to compete) and for the market in general—in other words, a race to the top in terms of high-quality products. This race for high quality could have multiple positive effects for society, as products of high(er) quality are frequently made with higher health, labor, and environment related standards compared to

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72 Id.
73 This argument has been highlighted by distinguished scholars. See Edward S. Rogers, *The Lanham Act and the Social Function of Trademarks*, 14 LAW & CONTEMP. PROBS. 173, 175 (1949) (arguing that without trademarks, “[t]here could be no pride of workmanship, no credit for good quality, no responsibility for bad”); William M. Landes & Richard A. Posner, THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW 168, 179 (2003) (“[A] firm with a valuable trademark will be reluctant to lower the quality of its brand because it would suffer a capital loss on its investment in the trademark. . . . [L]egal protection of trademarks encourages the production of higher-quality products”).
mass-produced lower quality products. As a result, promoting and protecting high-quality products with anti-dilution provisions could bring additional benefits in terms of healthier and fairer production standards in general as a matter of public policy.

A similar set of considerations applies to the debate on the lex specialis for GI protection. Criticisms similar to those against anti-dilution protection have been repeated, to a large extent, also with respect to anti-usurpation protection for GIs. In particular, opponents of this protection have argued that the overarching purpose of Intellectual Property rights is to incentivize innovation on a fixed term basis, which in turn cannot justify perpetual rewards for creation, such as the protection granted with GIs. They have also repeated that protection against consumer confusion is adequate to provide sufficient market incentives to GI-denominated products—additional protection unnecessarily restricts market competition and ultimately is a subsidy and a tool to protect local markets. As I indicated in Part III, this critique is particularly on point for GIs identifying products that are not exclusively made in the GI-denominated region. Notably, as I have argued before, anti-usurpation protection (and GI protection in general) is certainly questionable when GI-denominated products do not effectively and exclusively derive from the GI-denominated regions. In these instances, GIs cannot fulfill their function of providing consumers accurate information regarding the GI-denominated products and can lead, in turn, to giving consumers misleading information about the actual origin of the products, or their ingredients.

74 In this respect, recent years have seen the arrival of, inter alia, the movement of “slow fashion” whose primary purpose is to raise awareness about the negative externalities of low quality products in the fashion industry. See Elizabeth Cline, OVERDRESSED: THE SHOCKINGLY HIGH COST OF CHEAP FASHION (2013); Kate Fletcher & Lynda Grose, FASHION AND SUSTAINABILITY: DESIGN FOR CHANGE (2012). See also Jean-Noël Kapferer, All That Glitters is Not Green: The Challenge of Sustainable Luxury, Nov./Dec. EUR. BUS. REV. 40 (2010); Annamma Joy et al., Fast Fashion, Sustainability, and the Ethical Appeal of Luxury Brands, 16 FASHION THEORY 273 (2012). (“Luxury brands can become the leaders in sustainability because of their emphasis on artisanal quality.”); Id. at 291.

75 Should these marks not be protected against dilution, their function of signaling reliable positive messages about the health, labor, and environment-related standards that they use could be also impaired. See Stephanie Clifford, Some Retailers Reveal Where And How That T-Shirt Is Made, N.Y. TIMES, May 9, 2013, at A1; Annamma Joy et al., Fast Fashion, Sustainability, and the Ethical Appeal of Luxury Brands, 16 FASHION THEORY 273, 291 (2012) (“Luxury brands can become the leaders in sustainability because of their emphasis on artisanal quality.”); Kirsi Niinimäki, Eco-Clothing, Consumer Identity and Ideology, 18 SUSTAINABLE DEVELOPMENT 150 (2010); Barbara Mihm, Fast Fashion in a Flat World: Global Sourcing Strategies, 9 INT’L BUS. & ECON. RES. J. 55 (2010); Donald N. Sull & Stefano Turconi, Fast Fashion Lessons, 19 BUS. STRAT. REV. 4 (Summer 2008). For a similar argument in the context of patent law, see Declaye, supra note 5, at 194 (turning to “happiness” as a motivator to incentivize certain types of inventions versus others).

76 See Raustiala & Munzer, supra note 5, at 351.

Still, when products come from the GI-denominated territory, the criticism that anti-usurpation protection represents a subsidy, or marketing tool, for GI-denominated products is not so compelling. The argument could instead be made that anti-usurpation protection provides unique benefits in terms of economic incentives granted to local communities and the international community should consider extending this protection beyond GIs for wines and spirits, as indicated in Articles 23 and 24 of TRIPS. In particular, since GIs motivate regional producers to create and maintain social capital and value for the entire group operating within that region,\(^7\) anti-usurpation protection may permit GI beneficiaries to prevent free-riders from capturing some of this value by producing similar, yet non-confusing but also non-authentic (and potentially tarnishing), versions of the authentic products.\(^7\) As regional producers bear the cost of developing and maintaining the reputation of GI-denominated products, they are vulnerable to free riders who piggyback off of this reputation.\(^8\) Should GI beneficiaries not be able to prevent free riders, free riders could make subpar products with little concern regarding the impact that lower standards could have on the reputation of the GI-denominated products in the long term.\(^8\) This, in turn, could tarnish the reputation of the GI-denominated products and directly impact the market for these products.

Moreover, GI-denominated products are frequently of higher quality compared with the type-level generic products.\(^8\) This could motivate outside producers to match the quality of GI-denominated products in order to compete with these products. In other words, enhanced GI protection could stimulate a ‘race to the top’ in terms of product quality—the arrival of Australian and California wines as serious competitors of European wines proves this point, and so does the growth of local food movements in several countries, including the United States. Equally important, GI producers are generally aware of the importance of maintaining the well-being of their regions and the land. Thus, they frequently adopt high quality production practices not only to maintain the reputation of their products, but also to

\(^7\) See Rangnekar, supra note 54, at 15–16; See also Dev Gangjee, Geographical Indications and Cultural Heritage, 4 WIPO JOURNAL 92, 94–5 (2012) [hereinafter “Gangjee, GIs and Cultural Heritage”] (noting that “[t]hese geographical signs exhibit features of club goods, whereby the right to exclude is enjoyed by all members of the club”).

\(^8\) Margaret Ritzert, Champagne is from Champagne: An Economic Justification for Extending Trademark-Level Protection to Wine-Related Geographical Indicators, 37 AIPLA Q.J. 191, 212–220 (2009).
safeguard the health of their regions. This frequently translates to higher respect for the environment, attention to public health-related concerns, and investment in local labor, including high skilled labor both to safeguard the traditional manufacturing techniques of GI-denominated products as well as to promote innovative techniques compatible with these traditions. In this context, anti-usurpation provisions could incentivize these good practices in producing and distributing the GI-denominated products. In turn, this could motivate outside producers to match these good practices for their own products, thus establishing a culture of good practice that would benefit consumers, the environment, public health, and labor practices also beyond GI-denominated regions.

Of course, anti-dilution and anti-usurpation protections do not come without costs for competition, and the recognition of enhanced protection over signs and geographical names invariably raises concerns, both with respect to competition and expressive uses of these signs. Accordingly, these enhanced protections should be applied carefully. In particular, anti-dilution protection for trademarks should remain a rare finding, as the confusion-based standard for infringement is sufficient in most instances to protect well-known marks against subpar copies and threats to a mark’s uniqueness. Anti-dilution protection should also be balanced with permitting unauthorized descriptive, comparative, non-commercial, and parody or free-speech-related uses of these marks by third parties. The same considerations apply to anti-usurpation protection for GI’s, as such protection may also chill speech, including non-misleading commercial speech, in addition to increasing barriers to entry for competitors.

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83 Agdomar, supra note 53, at 586–587. The argument is that asymmetrical information places the consumer in a weaker position because the consumer cannot optimize their choices due to the lack of a full set of information. GIs can serve to improve communication: they signal quality and expertise and enable consumers to distinguish between premium-quality products and low-end products.

84 Rangneckar, supra note 54, at 13–14.

85 The notion of “likelihood of consumer confusion” has also undergone a considerable expansion in the past decades. Today, it includes confusion as to the “control,” “sponsorship,” “endorsement,” or “affiliation/association” with the marked products. In the United States, this expansion started as a judicial doctrine and was later incorporated into the statutory language with the 1988 Trademark Revision Act. See Lanham Act § 43(a), 15 U.S.C. § 1125(a) (2000).


this respect, even under a system of anti-usurpation protection, competitors should be free to turn to GI terms accompanied by the terms ‘style,’ ‘like,’ or ‘type,’ to describe their own products, as long as such use does not engender consumer confusion as to the fact that these products are not the authentic products. Even though TRIPS directly excludes the use of these comparative terms for GIs identifying wines and spirits, this provision could be amended in favor of permitting comparative and descriptive uses of these GIs.

Still, when the leges speciales analyzed in this Article are well administered under a system that guarantees, on balance, the functioning of a competitive marketplace and the use of these signs for expression related-purpose, both anti-dilution protection for well-known marks and anti-usurpation protection for GIs do not seem to represent the threat otherwise described by critics. Instead, these provisions could become vehicles to fulfill important societal objectives such as promoting higher-quality products and respect for the environment, foster local development, and overall a more sustainable development for society as a whole.

V. Conclusion

Since the adoption of TRIPS in 1994, concerns and skepticism have been expressed with respect to the growing role played by Intellectual Property law as corporate subsidies, as well as guarantors of a modern ‘sumptuary code.’ In particular, few developments in trademark law have been more fiercely criticized than the adoption of Article 16.3 of TRIPS, and in turn the introduction of anti-dilution protection for well-known marks. The protection of GIs, particularly anti-usurpation protection for GIs identifying wines and spirits under Article 23 of TRIPS, has also traditionally been criticized as one of the most prominent areas in which Intellectual Property law is artificially building scarcity in the absence of confusion or deception for the public. More specifically, anti-dilution protection for trademarks and anti-

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88 TRIPS, supra note 1, art. 23.1. For example, this prohibition could be abolished as part of a compromise that would permit the expansion of anti-usurpation protection beyond GIs for wines and spirits. But see Council Directive 97/55, art. 3(a)(1), 1997 O.J. (L 290) 18, 21 (EC). Art. 3(a)1 states that “[c]omparative advertising shall, as far as the comparison is concerned, be permitted when the following conditions are met . . . (f) for products with designation of origin it relates in each case to products with the same designation” (excluding the possibility of comparing GI-denominated products and non-GI-denominated products).

89 I borrow the expression ‘sumptuary code’ from Barton Beebe. See Beebe, Sumptuary Code, supra note 5, at 878–884. In this Article, I have adopted views that may seem in contrast with Professor Beebe’s position. Yet, I consider my position not to be antithetical, but rather complementary, to Professor Beebe’s position. In particular, Professor Beebe and I are considering the same legal developments perhaps with different eyes, but we both advocate for better standards for consumers, and express, likely differently, the same concerns for the concentration of Intellectual Property rights in the hands of certain Intellectual Property owners, generally large and multinational corporations.
usurpation protection for GIs have both been criticized as types of rights falling outside the traditional incentive-driven justification for Intellectual Property because neither type of protection promotes ‘more’ products and ‘more’ competition, but instead represents a barrier to entry, an incentive to capture more value in tradition instead of innovation and, in turn, a subsidy for corporate or local interests against a competitive marketplace.\textsuperscript{90}

In this Article, however, I have highlighted that, while these criticisms are valid, they frequently do not consider an important aspect of the debate—the mentalité of ‘high quality’ products and ‘good-quality life’ that distinguishes the countries and many of the constituencies that supported, and continue to support, both anti-dilution protection for trademarks and anti-usurpation protection for GIs. This mentalité played an important role in the introduction of these provisions. As such, understanding this mentalité remains crucial to rebalance the debate in these areas, not only in order to justify the adoption of these provisions, but also to remind the supporters of these provisions about the rationale behind their adoption. Notably, anti-dilution law aims at protecting the uniqueness of well-known marks, not well-known marks per se as objects and status symbols. Likewise, anti-usurpation protection for GIs aims at fostering local development, not at protecting GIs as a marketing tools for products not entirely produced in the GI-denominated regions.

Yet, when well-administered and enforced under a system guaranteeing against overreaching rights, anti-dilution protection for well-known trademarks and anti-usurpation protection for GIs could play a positive role not only for their beneficiaries, but also for society as a whole. In this respect, both sets of protections could effectively help promote a culture of ‘high-quality’ products compared with products of lesser quality, which could in turn result in incentivizing higher product standards, and thus perhaps a ‘good-quality life,’ for everyone. As distinguished scholars have noted in different contexts, these leges speciales could even contribute to build that “good life and the sort of society that would facilitate its widespread realization.”\textsuperscript{91}

Accordingly, even though the terms ‘high quality’ or ‘good life’ remain difficult to pinpoint (and have different meanings to different audiences), it is important to acknowledge this mentalité as a legitimate component of the debates over the leges speciales at issue.

\textsuperscript{90} See discussion and references supra Parts II & III.

Against the arguments brought forward by the opponents of these provisions—generally based on a law and economic reading of Intellectual Property incentives as tools to foster ‘more’ products, ‘more’ competition, and ‘more’ free-riding—‘more’ may not necessarily be a ‘better’ option for society as a whole when it comes to defining what constitutes a ‘good-quality life.’ To the contrary, ‘more good-quality’ products may be a more desirable choice for the public, even though this choice may imply ‘less quantity.’ Despite the skepticism of opponents of the provisions at issue, ‘high-quality’ products are also often made with ‘more’ attention to the manufacturing process—whether based on traditional or new techniques—including the ingredients and materials used, and often labor and environmental-related standards. In contrast, ‘more’ products often implies lower quality products, with shorter product life. This generally results in faster production cycles, which almost invariably adopt questionable production standards (particularly in the absence of a culture of ‘more’ in terms of stricter quality requirements, higher transparency in product labeling, etc.). In this respect, the provisions at issue favoring the protection and the promotion of ‘high-quality’ products could offset some of the negative externalities brought forward by a commercial model based on ‘more’ products and fast production cycles. Accordingly, considering the mentalité of ‘good-quality life’ behind these provisions could contribute an important point of view to the debate over the values to be protected by Intellectual Property law.
I. INTRODUCTION

What does Yoga, the German band Enigma, fan fiction, anti-fungal properties of Neem, Wikipedia, the Chain Art Project, and aboriginal paintings have in common? They all belong to a legal lacunae, a lacuna relating to group-rights (or collective rights) in Intellectual Property Law. Intellectual Property ('IP') has almost consistently, since its inception, romanticized the idea of a sole creator, or individual genius. This has deprived vast numbers of small, creative groups and indigenous people of IP protection, which has had varied effects on them, ranging from moral disparagement, to economic deprivation, and even cultural misappropriation. These events have not been ignored either at the domestic or international level however, with a steady consensus building up in favor of Cultural Property ('CP'), particularly following the
Agreement on Trade Related Aspects of Intellectual Property Rights, 1994 (‘TRIPS’). Cultural Property or Cultural Heritage, is defined to include “tangible Cultural Heritage, such as movable Cultural Heritage (paintings, sculptures, coins, manuscripts), immovable Cultural Heritage (monuments, archaeological sites, and so on) and underwater Cultural Heritage (shipwrecks, underwater ruins and cities) on the one hand, and intangible Cultural Heritage: oral traditions, performing arts, rituals.” In this paper, I deal purely with Intangible Cultural Heritage/CP. With the rise of CP protection debates, innumerable intricacies have arisen, with varying viewpoints taken by different sides. Some of the literature on CP assumes that CP ought to be protected, and focuses instead on how to do so: to revamp the patent system, to create sui generis rights via international treaties, to build global databases of CP that can be used to block patent applications, and so forth. Other analysts consider the more basic question of whether IP protection is in order, or is some other form of protection that is in fact required. Still, others claim that CP would affect the sacred or cultural heritage of indigenous peoples.

I however do not wish to delve too deeply into the question of ‘How’ but would much rather prefer to take a step back and deal with the question of ‘Why’? At the outset, I wish to make it clear that I do not mean to analyze current IP regimes in order to match its suitability to collective property. For example, questions such as whether the ‘work of joint authorship’ provision in Copyright Law should be amended or if Patent Law should move on to a multi-inventor status as opposed to continuously romanticizing the sole creative genius, is beyond the scope of this paper. Rather, I aim to seek the help of normative principles of property, to justify a group property right in the IP regime, with particular attention to CP.


13 While I recognize the differences between the two terms, I use them interchangeably here. For a discussion as to the semantic value of the monikers please read Lyndel V. Prott & Patrick J. O’Keefe, “Cultural Heritage” or “Cultural Property”, 1 INT’L J. CULTURAL PROP. 307, 311 (1992).


17 Pat Roy Mooney, "Why we Call it Biopiracy" in RESPONDING TO BIOPROSPECTING: FROM BIODIVERSITY IN THE SOUTH TO MEDICINES IN THE NORTH 37 (Hanne Svarstad & Shivcharn S. Dhillion Eds., 2000); VANDANA SHIVA, BIOPRACY: THE PLUNDER OF NATURE AND KNOWLEDGE 72-79 (1997) [hereinafter Shiva 1].
Those who posit that CP should be protected, usually invoke concepts of property regimes in order to justify their claims.\textsuperscript{18} I continue on this path to assess and analyze whether there exist normative justifications for CP to be a form of property, and specifically IP. Attempts to justify property rights in CP using western ideologies of property have been mostly met with severe opprobrium.\textsuperscript{19} The censure is prevalent at least in part due to the intuitive feeling amongst different scholars that western philosophy is highly individualistic and ignores any form of community-based rights.\textsuperscript{20} They argue instead, that other justifications must be looked at, which do not have a ‘western-tinge’ to them. They argue in part that western colonization and imperialism in the 19\textsuperscript{th} and 20\textsuperscript{th} Century has been replaced with western misappropriation and embezzlement in the 21\textsuperscript{st} Century.\textsuperscript{21} They point out that traditional IP systems are incompatible to protect the eclectic nature of CP, and claim that this is evidenced by the fact that the West refuses to protect CP such as folklore, traditional know-how, etc. but has no problem with patenting or copyrighting innovations or expressions based on the same. According to James Boyle of Duke University:

“The author concept stands as a gate through which one must pass in order to acquire intellectual property rights. At the moment, this is a gate that tends disproportionately to favor the developed countries’ contributions to world science and culture. Curare, batik, myths and the dance ‘lambada’ flow out of developing countries, unprotected by intellectual property rights, while Prozac, Levis, Grisham and the movie ‘lambada!’ flow in - protected by a suite of intellectual property laws, which in turn are backed by trade sanctions.”\textsuperscript{22}

They also point out the intransigence of the West to recognize materials, which while clearly deserving of some sort of IP protection, are denied due to their non-compliance with stringent statutory standards. For example, traditional medicines and know-how which may have been in existence for thousands of years, are not allowed to be patented, because they are not in a


written form. Similarly, folklore and dances, which are not fixed in any tangible medium, are immediately disqualified from Copyright protection. This dichotomy is further brought out when western systems have recognized materials and expressions which have departed, sometimes significantly, from traditional IP regimes, but refuse to extend the same courtesy to CP. The criticism reaches its logical conclusion that if western systems based on western notions of property are incapable of protecting CP, then we must look outward and to new justifications for its protection.

I completely sympathize with and agree that the precious knowledge of indigenous peoples has been blatantly misappropriated by western companies and organizations, usually without any benefit reaching these indigenous peoples. Additionally, I also agree that the IP regime as it stands today has been largely incompetent in protecting the CP of these peoples. However, I disagree with the proposition that we should turn a blind eye towards customary western normative justifications of property, for two reasons. First, I believe that most scholars, who argue for the IP protection of CP, refuse to deal with the fundamental question of ‘Why’ it deserves protection in the first place. They presume that these truths are self-evident, and proceed to debate on how best to protect CP instead. Such an approach is myopic to say the least. It refuses to debate with individuals who fail to understand why CP should be protected, thereby immediately ostracizing those who might be ‘on the fence’ about the issue. More importantly, by refusing to analyze normative justifications for CP, they neglect a large part of literary scholarship, which might help create innovative solutions to the problem of how to protect CP. As I will explain later, many current attempts to protect CP have a distinct Kantian, Radian or Rawlsian flavor to it. Even if scholars deal with normative justifications, they refuse to analyze the works of western proponents of property, subscribing to conventional stereotypes (Locke is a libertarian, and Kant is an absolute individualist), instead of actually analyzing the veracity of these claims.

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23 Sometimes this failure to pen down existing practices deprives Indigenous peoples the right to invoke the prior art clause to prevent patenting of their historic know-how. This has resulted in systems codifying existing their country’s existing Cultural Property. The best example of this is the Traditional Knowledge Database library (TKDL) in India.
24 See Dutfield, supra at 12.
25 Carpenter 1, supra at 18.
26 Munzer & Raustiala, supra at 12.
My second grouse with the skeptics, is strategic. To convince those in the western world of the validity of a property regime to protect CP, western philosophical justifications need to be invoked. If these justifications themselves support a robust property regime for CP, those against the protection of CP are in a normative quicksand. I understand that applying and justifying western normative ideologies might make some uneasy, even repulsed by the idea. However, you may treat this as a 'beat them at their own game' type of strategy. Further, it is always useful in the course of negotiations and discussions, to be more inclusive in nature, rather than exclusive.28 By taking into account both western as well as traditional or cultural views of property, one is better equipped to arrive at a solution expeditiously. Rather than ostracizing those with divergent views, and risking the chance of being lost in translation, it is imperative that one speaks a universal language understood by all.

This, of course, is much easier said than done. Ideologically, the developing world and developed countries have always been at loggerheads. I aim to try to broker a compromise between these two rival groups with the aid of three philosophers: Locke, Kant and Rawls. The reason for choosing these three philosophers specifically is due to the prodigious influence Professor Robert Merges’ book, Justifying Intellectual Property29 had on me. I aim to employ a similar method of justifying group intellectual property in this paper. Part II of this paper seeks to analyze Locke's view on group property. I contend that Locke’s views on property can be transported and applied to group property as well, as long as his requisites for labor, appropriation and the three provisos are satisfied. I expound on these Lockean principles and apply them to a parable involving apples and acorns to justify a collective property right. I go further and argue how even in the absence of the same labor as originally exerted, subsequent generations can still possess a property right. In Part III of the Article, I move on to analyze Immanuel Kant and his views on group property. I agree that at the outset that Kant's individualistic ideas are a tough barrier to get through, but go on to posit that if faced with a situation of misappropriation or ownerless property or a group property right, Kant would favor a collective property right. I further go on to address how, even if Kant does not support a full-blown collective property right, many aspects of Kant’s views fit in quite perfectly with other aspects of CP. Part IV of this article goes on to analyze how a CP would fit within a

29 ROBERT P. MERGES, JUSTIFYING INTELLECTUAL PROPERTY, (Harvard Univ. Press 2011) [hereinafter Merges 1].
Distributive justice system. I analyze the two rules of Rawls; Intergenerational Equity, and how as the ‘worst-off’ Rawls would find it justified to provide indigenous peoples a collective property right. I conclude in Part V by briefly dealing with criticisms to a robust protection of CP, including issues such as group ownership, and rights in perpetuity. We begin our journey now, by paying homage to the doyen of property, John Locke.

II. COLLECTIVELY LOCKE-D

When we attempt to deal with any form of property rights, including IP, it is imperative that we begin with John Locke. John Locke’s theory of property is primarily found in his Second Treatise, where he extensively lays down his views on who can have claims to property, what are the extent of property rights, as well as its limits. Property figures very strongly in the Lockean context, because for Locke, the civil state was created in order to protect the property rights of its citizens. Locke’s account of property rights focuses on the individual human - not an auspicious fact for an account of collective and community rights. Despite this, I believe that collective creativity is compatible with classic accounts of intellectual property, including labor theory accounts, contrary to what many commentators have claimed.

I am in no way the first to recognize the potential of applying Lockean principles to collective labor. That privilege belongs to Robert Merges, who posits that it should be possible “to make out a fuzzy case for a group right on the basis of a generalized appreciation for collective labor” and that “something like exclusive (or semi-exclusive) rights, to be held by groups who exert collective labor on things, would satisfy the basic requirement of rewarding Lockean labor.” Professor Merges’ biggest gripe with a Lockean justification to collective creativity isn’t as much normative as it is practical. He argues inter alia that he has concerns regarding “the transaction costs required to administer such a group right,” and that it is difficult “to figure out even a moderately workable structure for such a right.” Other scholars have also tried their

30 The reason to begin with John Locke is simple, his formulation of private property rights as natural rights, changed the lens through which property rights was viewed. John Locke, Two Treatises of Government 92-120 (Peter Laslett ed., Cambridge Univ. Press 1963) (1690).
31 Justin Hughes, Traditional Knowledge, Cultural Expression, and the Siren’s Call of Property, 49 San Diego L. Rev. 1215 (2013).
33 Id. at 1188.
34 Id. at 1191.
35 Id. at 1188.
36 Id.
hand at forming a Lockean justification for collective labor, and CP in particular, with varied results.\textsuperscript{37}

The literature on a Lockean justification for CP is undoubtedly at a very nascent stage, giving glimpses and subtle hints pertaining to what a robust Lockean justification might be. I go a step further in this part of my paper, by adding what I believe has been lacking in other scholarly works: parables with a Lockean shade to fortify the Lockean claim.

\textit{A. Locke’s views of Group Rights}

Despite Locke being painted with an individualistic brush, Locke does in fact deal with groups to a large extent. As Professor Merges rightly notes, according to Locke, “\textit{the world and its contents were given initially to the largest imaginable group - to all humans.}”\textsuperscript{38} Locke’s usage of ‘group terms’ is also quite apparent, with terms such as ‘mankind in common,’ ‘men in common,’ ‘all men,’ ‘all his fellow-commoners, all mankind,’ all figuring prominently in his literature.\textsuperscript{39}

A microanalysis of Locke’s views on labor and property is called for at this point. The basic argument runs thus: I own myself; therefore, I own my labor; therefore, I own whatever my labor produces. Locke expresses his views by way of an illustration. According to Locke, during the time of the ‘commons’,\textsuperscript{40} if an individual found an apple or acorn lying on the ground and appropriated the same in order to either satisfy his natural desire to survive or otherwise, the individual acquires a property right over that apple. Locke believes that such appropriation is based on two principles: (1) Labor ought to be rewarded with a property right, which is a claim that an individual (or I will argue, a group) has against others, and (2) The rights that the owner acquires, are subject to certain provisos or limits.\textsuperscript{41}

\textit{B. The Cave parable - A illustration of Lockean principles in Group Rights}

I adapt the Lockean illustration to a group rights context, using a simple thought experiment. Imagine that we dial back the illusionary hand of time to the state of the ‘commons’. In this

\textsuperscript{37}Hughes, supra at 31 (Arguing that many aspects of Locke can be applied, while expressing concern over the possibility of spoilage); Munzer, supra at 12 (Claiming that there exist multiple problems with a Lockean view of CP, namely lack of labor, and perpetual grant of rights).
\textsuperscript{38} Merges 2, supra at 32.
\textsuperscript{39} Locke, supra, at § 25, at 327, § 27, at 328-29, § 32, at 332-33, § 34, at 333.
\textsuperscript{40} The state of nature before individual appropriation, when God had given all resources to all of mankind to be held in common. Hence the term ‘Commons’.
\textsuperscript{41} Locke, supra, § 31, at 290. The language of limitation could hardly be more forceful: “The same Law of Nature that ... give[s] us Property, does also bound that Property too.”
state, let us envision that four individuals in particular, each with his own personality, are searching for an apple or acorn. At the beginning of their search, they have neither the necessity nor the interest to band together to search for the apple or acorn, but once they get to talking, they realize that they all have some similarities, and form a sort of filial bond. The four individuals after a long arduous journey through the commons are unable to find anything worthwhile of appropriation, until ‘A’ notices something resembling an apple, which is visible to him. Although the fruitlet is visible to ‘A’, its appropriation seems to be near impossible. The apple is located inside a cavern, at an excessive distance away from where our four protagonists are located. Driven by their hunger, need for survival and zeal to self-actualize, they hatch an ingenious plot to secure the apple. ‘C’ will be tied to a harness, which will be made by ‘D’, and held by ‘A’ who will pull and release the harness as required. Finally, ‘B’ would be in charge of directing ‘A’ to pull or release the harness accordingly, as ‘C’ heading down into the trenches would be out of sight of ‘A.’ The design is set in motion, and everything works to a tee; ‘D’ creates a steady harness, and attaches it to ‘C,’ while ‘B’ provides ‘A’ instructions in order to make sure that ‘C’ is not injured in any way during the daredevil act, and is able to appropriate the apple.

Let us analyze the situation just described, and see if it fits within a Lockean model to justify a property right. Was there labor? Yes. Was the purpose for this appropriation legitimate? Yes, it was for survival/human thriving, which is highly important in the Lockean context. Was it only by one individual? No. All four of them exerted a form of labor in furtherance of usurping the apple. Not only that, the contribution of each member was indispensable towards the bigger target of appropriation. Without a properly built harness, there would have been no way of probing the cave. Without ‘B’ providing directions, ‘A’ would not have known whether to pull or release the harness etc. The point being that each individual exerted labor, and none of these were greater or lesser than the other. Another simplified version of this illustration would be to think of an apple or acorn in the state of nature, which is too heavy to be appropriated by one person and thus requires multiple entities to lift the same. Alternatively, an apple that is

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43 A little suspension of belief is required, admittedly when claiming that the state of commons contains materials necessary to build a harness to hold a grown man. Let us assume for the sake of the thought experiment that ‘D’ was a skilled harness builder, or simply that the material available was exotic. Either way, this tiny leap of faith does not take away from the fact that group labor is exerted for obtaining the apple.
44 Merges 1, supra. ("Property and human flourishing— that is the key relationship. Locke’s theory is less about the nature of the objects appropriated— whether they are tangible and rivalrous, or intangible and non-rivalrous—and more about human prospering through individual appropriation").
designed in such a way that it cannot be held by a sole being and requires the abetment of multiple personnel. What these illustrations aim to show is that there are examples of situations even in a Lockean context for materials in the state of nature to be appropriated through collective labor. Therefore, according to Lockean principles, they all deserve a group property right for the labor that they have exerted.

C. Forecasting criticism to the Lockean Parable.

A prescient intuition tells me that my parable is bound to raise a few eyebrows, and call into question the viability of a ‘working structure’ based on these principles. In fact, the criticism surrounding Lockean justifications for Collective Labor are usually threefold; (1) How do Lockean justifications hold true when individuals have not exerted any labor, as occurs over generations? How do members of a group still have a right over that particular property? Skeptics might argue that I have cheated a bit by not addressing a thought experiment where one acquires property rights even in the absence of labor, and in the absence of labor, the Lockean bulwark crumbles. An allied concern is that (2) even if a property right may be given in the absence of exerting labor, how does that justify property rights being handed down over the generations in the first place, particularly for a right held in perpetuity? The final concern is one expounded by Prof. Merges that (3) Locke recognizes that a single entity or author is necessary to be a focal point for the purposes of transactions, and in the absence of which transactions of the group with outsiders as well as internal group dynamics would be highly bewildering. I shall attempt to tackle these seemingly justified criticisms, by invoking Lockean principles, his provisos, and of course, more allegories.

1. Locke on Inheritance

The argument against lack of labor through generations goes along these lines: Assuming that the ancestors of the present generation of indigenous peoples had in fact exerted labor, and acquired a property right over a know-how or a folk-dance, how does that justify the present generation from having a similar or more robust property right? If Locke centers his argument for the grant of a property right on the exertion of labor, how do the present generation retain a property right? Would that not be unjust enrichment? The concomitant criticism stemming out of the same is how CP is transferred amongst generations in the first place. There are multiple responses to this criticism, chief amongst which is the assumption that any labor needs to be exerted by subsequent generations in the first place. If there is no requirement for
labor to be exerted by subsequent generations, then the criticisms following it become pointless.

This takes us to an unusual location in order to justify valid inheritance: Locke’s charity proviso.\footnote{Locke, supra at 170.} Locke articulates a charity principle by which, in extreme circumstances, commoners have a right to take and consume the private resources of others.\footnote{Id. at § 42, at 188.} However for the purposes of our discussion, what we are interested in are the words Locke uses in the Charity proviso, namely, “... as Justice gives every Man a Title to the product of his honest Industry, and the fair Acquisitions of his Ancestors descended to him; so Charity gives every Man...”\footnote{Id.} This makes it clear that if the original acquisition by the ancestor(s) is legitimate, the corollary is that subsequent rights held by the descendant is in turn authentic. I believe that this is Locke’s test for a valid inheritance. Undoubtedly, the property right that the descendant acquires would be subject to the same provisos of his forefathers, but this does not take away from the vesting of the right itself.

A thorny issue however is the question as to whether the present generation adequately represents the past, that is, are they the true representatives of the past generation of indigenous people to whom the right was first vested?\footnote{Merges 2, supra at 1190.} This is a question I am quite torn on, while on one hand, I find no evidence either in Locke’s treatises or in any form of inheritance law which requires members of future generations to ‘adequately represent’ their forefathers, apart by way of blood,\footnote{This criticism if extended to regular inheritance law, it would forbid a grandson who inherited a house from his atheist grandfather to convert the house to a religious shrine etc. This is bordering on absurdity.} the criticism does hold some water. Imagine a situation where the indigenous group has evolved over the generations to an extent to which their practices/rituals have all become archaic and anachronistic. Is vesting such a group with an interloping CP claim still legitimate? I truly do not believe Locke expressed any requirement for future generations to ‘adequately represent’ their ancestors and I contend that a lack of labor from future generations is justified for a property right. Situations like the one I described above are circumstances which arise once in a blue moon. Indigenous creations defy the concept of individual authorship, because the sanctity of the work itself derives, in part, from the import placed on the collective creation of the piece. The group product in the indigenous society is
the medium through which all tribal members, living, dead and unborn, speak their voice and become a part of the tribal way.\textsuperscript{50} It isn’t merely an identity that one changes with the linens.

2. Identity Crisis?

However, assuming that there is an identity representation issue, the only exit route would be to agree that Locke requires some sort of labor at each generation. Locke hardly provides any information as to what the extent or amount of labor must be by subsequent generations, but only says, when dealing with original appropriation, that God gave the Earth to “the industrious and rational …not to the fancy or covetousness or the quarrelsome and contentious.”\textsuperscript{51} This hardly serves as an adequate barometer to judge the validity of the claims of the subsequent generations. However, we shall plunge ahead with the assumption that labor is required at each generation, and it should be rational, and not contentious. Even then, CP can be justified.

Criticism in this regard fails to take into account the changing nature of CP over time, a dynamic form of CP, which the indigenous group constantly modifies and changes.\textsuperscript{52} This critique also misfires because the people responsible for the initial appropriation form a group of generations who speak pretty much the same language and have highly similar and evolving practices, and ways of life over centuries. Therefore, it is the group, rather than the individuals included in the group, that possesses the claim of CP, and the group transcends its current membership.\textsuperscript{53}

3. Labor vis-à-vis protection

The third rebuttal is that each generation, by preventing other groups or corporations from accessing the CP are themselves performing labor. As long as the indigenous peoples are taking reasonable steps to protect their CP, they ‘labor’ on the CP by protecting the same.\textsuperscript{54} This view of labor has also been suggested by A. John Simmons, in The Lockean Theory of Rights, when he claims that “we bring things within our purposive activities (‘mixing our labor’ with them) when we gather them, enclose them, and use them in other productive ways.”\textsuperscript{55} A parable might

\textsuperscript{50} Riley, supra at 194.
\textsuperscript{51} Locke, supra note 30, § 34, at 333.
\textsuperscript{52} See Jaszi, supra at 455; Madhavi Sunder, The Invention of Traditional Knowledge, LAW & CONTEMP. PROBS. 97, 110-111 (2007) (Discussing examples of dynamic TK/TCE); also see Carpenter 1, supra (about Dynamic stewardship).
\textsuperscript{53} See Munzer & Raustiala, supra at 65.
\textsuperscript{54} See Dr. Deepa Varadarajan, A Trade Secret Approach to Protecting Traditional Knowledge, 36 YALE J. INT’L L. 371 (2011) (A famous way of looking at the idea of protecting information is through the Trade Secret regime).
be useful here, imagine that in the state of commons, a person finds an apple, but has to answer the call of nature, and cannot take the apple with him, neither does he want to leave the apple unguarded in fear of misappropriation. Instead, he encloses the apple using sticks or leaves. Once again, by exerting labor, and enclosing the apple from the ravenous eyes of outsiders, he has acquired a property right over the apple. Therefore, a related justification for labor by the present generation is simply the fact that by preventing other people from accessing the fruits of their labor, the present generation is exerting a form of labor justifying group right protection.

4. The indigenous way of doing things

We now come to the final pseudo-criticism of Lockean justifications for collective creativity. I call it a pseudo-criticism because while Prof. Merges does not deny that an IP right should exist, but is merely skeptical as to how it would practically function. This is an important principle that many scholars in this field recognize as well. However, mere doubt cast about the practicability of a right should not serve as an impediment towards the granting of the right in the first place. Moving on to the crux of the matter, what is important to understand with regards to transaction costs is that they exist even in status quo with traditional IP systems, where there exist IP rights which are group rights (sometimes numbering in the thousands for a motion picture, for example), yet there seems to be no great obstacle in distributing those rights. Naturally, there are disputes over ownership and inventor-ship, but such disputes are the exception. There should be no reason to doubt the capabilities of Indigenous peoples to obtain similar results through their own mechanisms and group dispute resolution mechanisms. What needs to be kept in mind, and is often recklessly forgotten by western scholars, is that indigenous peoples have been working amongst themselves for many centuries now, and have adapted to issues such as sharing, as well as distributing resources

56 Or he has to take after his child, if a less garish example, appeals to your sense of aesthetics more.
57 Merges 2, supra, at 1188.
59 Graham & McJohn, supra, at 330.
60 Megan M. Carpenter, Intellectual Property Law and Indigenous Peoples: Adapting Copyright Law to the Needs of a Global Community, 7 YALE HUM. RTS. & DEV. L.J. 51-78 (2004) (proposing “the incorporation of collective and communal notions of authorship, the expansion of the originality requirement to reflect these forms of authorship, and the application of limits on the duration of copyright protection in a broader community context”).


amongst themselves. Most of such groups have micro-federal structures within the group itself, which governs the rights and duties of the group members. According to Russel Barsh, an indigenous people’s scholar and representative:

“Indigenous peoples possess their own locally-specific systems of jurisprudence with respect to the classification of different types of knowledge, proper procedures for acquiring and sharing knowledge, and the nature of the rights and responsibilities which attach to possessing knowledge.”

Such customary rules are highly efficient forms of dispute resolution within the group context, and employ elaborate property rights. For example, among the Shuar of southeastern Ecuador, a certain sub-group amongst the Shuar are Shamans (Medicine men). However, in order to accumulate knowledge that the rest of the Shuar do not get, they must complete an apprenticeship with an established Shaman. There are then, two different types of property rights at play amongst the Shuar. One, information that belong to all the Shuar, and two, certain information that belong only to those who pass the apprenticeship to be a Shaman. The point I am making, is that there already exist viable models for transacting with indigenous groups both within the group and with outsiders, therefore the concerns over a workable model, albeit justified to some degree, is a puzzle waiting to be solved.

Therefore, what I have attempted to demonstrate, is that Lockean justifications are apposite to collective property, including something as complex as CP. I have hopefully, proved that if labor by many individuals has been mixed onto an object, then they can also have a group property right (limited by the Lockean provisos of course). Further, the fact that the reason for the labor is in furtherance of human flourishing is beneficial for proponents of CP, since most CP is tied to something as basic as survival. I now take on a bigger challenge by attempting to try my hand at justifying CP through the individualistically tinted lens of Immanuel Kant.

III. A-Kant-ing for the group

Before I kick-off my discussion of Kant, I must address the doubting Thomases that might be mildly curious but certainly highly skeptical when it comes to the application of Kantian views

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61 Dutfield, supra, at 245-246.
to group property. This fear is not unfounded, many would claim that the views of Kant are antithetical to the idea of collective rights, with his focus on the individual. In fact, Kant has been widely credited as the initiator of the notion that individuals are sovereign in terms of their choices and unconstrained by society, a very popular tenet of the single author romanticism movement. Those who share the same views know that you are not alone. I certainly share some but not all of those views. I aim to show two things in this part of the paper, (1) if Kant was stuck between the devil, the deep blue sea and granting a group property right, he would choose the latter. I realize the momentous weight of this burden, but I truly believe that an edgy justification can be formed. Additionally, I argue that even if Kant himself is not a viable role model, the followers of his school of thought have many beneficial aspects that can be used by proponents of CP. These include concepts of Property and Personhood, the importance of the identity linked to an object and the identity of the people who are so linked to the object. I now explore these ideas in some amount of detail.

A. Kant: the individual rights champion?

Immanuel Kant’s views on property are inextricably linked to his views on the individual. Being a staunch individualist, Kant’s entire set up of social institutions begins with property; the individual exerts his free will and decides to appropriate an object, and from there, society springs up. For Kant, it was the autonomous individual, ruled by rationality, with unique desires and characteristics, who was supreme, not society or other social institutions. This is quite contradictory to the views of other philosophers at that time, like David Hume, who could not envision property in the absence of society.

Kant’s view on property was simple, he believed that the individual could imprint some aspect of himself (his will) on the object, and by this exertion of will, the object would be appropriated. The will has three distinctive qualities: it is personal, autonomous, and active. The concept of ‘will’ however is quite unlike the Lockean concept of ‘labor’ that we perused earlier. While the ‘will’ is a metaphorical concept and is highly individualized, (taking into account each individual’s unique personalities and desires), labor does no such thing. A simple

65See Dougherty, supra, at 357.
66LEWIS WHITE BECK, A COMMENTARY ON KANT’S CRITIQUE OF PRACTICAL REASON, 180 (Univ. of Chicago Press 1960).
69Merges 1, supra, at 76.
example would help explain the difference. Back to the Lockean context, if someone put a gun to your head and commanded you to pick up an apple, you might have exerted labor in terms of appropriating the apple and satisfied Lockean requisites for acquiring a property right (although it might be vitiated by the “terms of employment” doctrine that Locke uses, if a gun to your head can be termed as employment!). However, it would certainly fail in its bid to justify a Kantian claim. No ‘will’ could have been said to be exerted in that case, ergo, no property right. This distinction is crucial to understand when exploring Kantian principles. Kant requires not just a mere act for the performance of a particular object, but laces it with the condition that the act must be one in which the metaphorical ‘will’ is exerted, which allows to imprint some aspect of the person on the object.

B. Group Rights in a Kantian Context? Devil and the Deep Blue Sea!

So with that brief understanding of Kantian ‘will’, the question arises, how do we justify the island that is Group rights in the ocean of individualistic rights? I argue that the devil and the deep blue sea analogy comes to our rescue. Here, I believe that Kant is lodged between the devil (Universal Principle of Right) and the deep sea (Res Nullius) when it comes to CP. The methodology employed by the analogy is that of the famous quote from Sherlock Holmes, when Holmes famously remarked to Watson, "how often have I said to you that when you have eliminated the impossible, whatever remains, however improbable, must be the truth?"\(^{70}\) In our paradigm, the ‘improbable’ that Holmes refers to is the fact that Kant will justify group rights. Here is how.

1. The Universal Principle of Right alias the Devil

The answer lies in two different parts of the Kantian ideology. The first is the Universal Principle of Right (‘UPR’). One of the solitary references Kant makes to society in general when dealing with property is the trans-temporal right that he provides to the society at large. According to the UPR, “laws secure our right to external freedom of choice to the extent that this freedom is compatible with everyone else’s freedom of choice under a universal law.”\(^{71}\) The scope of the property rights granted therefore, are limited from its inception, to the extent that they must not interfere with the freedom of fellow citizens. This serves as an extremely strong check on the individual’s will, by requiring the individual to take into account the conscience of the

\(^{70}\) Arthur Conan Doyle, The Sign of the Four, 111 (1890).

community as such. As Prof. Merges notes, the reason he does this is clear, he considers the needs and potential claims of others just as important as those of the owner.\footnote{Merges 1, supra, at 91.}

It is within this ambit of Kant’s ideologies that I wish to thrust in CP. CP for a long time has been the victim of blatant corporate misappropriation, by western and native companies alike.\footnote{See Olufunmilayo B. Arewa, \textit{TRIPS and Traditional Knowledge: Local Communities, Local Knowledge, and Global Intellectual Property Frameworks}, 10 MARQ. INTELL. PROP. L. REV. 155, 170-78 (2006) (detailing several instances of corporate appropriation of traditional knowledge).} Rural communities, indigenous peoples, subsistence farmers, forest dwellers, healers, and other marginalized groups now struggle to prevent local knowledge and resources from being reduced to mere data for the information-intensive industries of the new economy.\footnote{Coombe, et al., supra, at 896.} What’s more, this misappropriation is not of any casual unimportant knowledge that the traditional community creates, instead this misappropriation is at many times of sacred information.\footnote{Kristen A. Carpenter, \textit{A Property Rights Approach to Sacred Sites Cases: Asserting a Place for Indians as Nonowners}, 52 UCLA L. REV. 1061, 1131-38 (2005) [hereinafter Carpenter 2].} Further, this knowledge is inextricably tied to their livelihood and personality (even survival),\footnote{Tom Holm, J. Diane Pearson & Ben Chavis, \textit{Peoplehood: A Model for the Extension of Sovereignty in American Indian Studies}, 18 WICAZO SA REV. 7 (2003).} and is something that embodies their personhood or group-hood.\footnote{Angela R. Riley, \textit{(Tribal) Sovereignty and Illiberalism}, 95 CAL. L. REV. 799, 800-07 (2007).} It wouldn’t be a stretch to call it something that they have exerted their collective will on. Therefore, when a corporation or any other organization attempts to exert its will and appropriate the CP, this would be in clear violation of the UPR. As Kant himself notes, in cases in which someone else’s freedom of choice is violated by my taking and eating an apple, then that apple indeed cannot be mine.\footnote{Kenneth R. Westphal, \textit{Do Kant’s Principles Justify Property or Usufruct?}, 5 JAHRB. RECHT & ETHIK 141, 153-154 (1997).}

It is important to note that even in the absence of any group ownership right, any sort of appropriation attempt would violate the freedom of the indigenous peoples or groups. Kant does not require that only the freedom of ownership be violated by the appropriation.\footnote{Byrd & Hruschka, supra, at 251.} Any appropriation by those who are outside the indigenous peoples should not be allowed vis-à-vis the UPR, since the fact that they have exerted minimal will on the CP compared to the group is another clinching factor. In our devil and the deep-sea idiom, the UPR reasoning serves as the Devil.

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  \item \footnote{Merges 1, supra, at 91.}
  \item \footnote{See Olufunmilayo B. Arewa, \textit{TRIPS and Traditional Knowledge: Local Communities, Local Knowledge, and Global Intellectual Property Frameworks}, 10 MARQ. INTELL. PROP. L. REV. 155, 170-78 (2006) (detailing several instances of corporate appropriation of traditional knowledge).}
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  \item \footnote{Byrd & Hruschka, supra, at 251.}
\end{itemize}
Many scholars have employed the UPR reasoning for the purposes of defensive protection of CP.\textsuperscript{80} However, purely based on Kantian principles, there has been little support for the positive vesting of rights in favor of indigenous peoples. One reason for this is that scholars find it highly difficult to extrapolate a communitarian facet to vastly individualistic Kantian ideals.

2. \textit{Res Nullius alias The Deep Sea}

However, I go a step further and ask, if the corporate appropriators do not have a right over the CP and neither does the community, then who owns the CP? In such a paradigm, ownership of the CP is left in limbo, and the object is itself rendered \textit{res nullius} (ownerless). This would run grossly afoul of Kantian principles. According to Kant, no category of object ought to be absolutely excluded from the possibility of human possession.\textsuperscript{81} By doing so, “freedom would be depriving itself of the use of its choice with regard to an object of choice, by putting usable objects beyond any possibility of being used.”\textsuperscript{82} It becomes pertinent at this point to distinguish between \textit{res nullius} property, one that is not owned by anyone, and a \textit{res vacua} property, one this is currently not being used by anyone. Kant allows for appropriation of property which is \textit{res vacua} in the pre-institutionalization of property stage, but never after. Nonetheless, CP is in no way \textit{res vacua}, it is constantly used by indigenous peoples and communities as the very backbone of their sustenance.\textsuperscript{83} Therefore, \textit{res nullity} acts as the deep sea in our devil and deep-sea idiom.

Thus analyzing the contours of Kantian philosophy, I make two extravagant claims. Firstly, I believe that Kant is truly stuck between the devil (UPR) and the deep sea (Res Nullius) when it comes to CP. CP is an oddball in this debate, as it can neither be owned by anyone outside the group, since doing so without permission of the group members would be in gross violation of the UPR nor can it be left orphaned. The key to solving this paradox is to concede that if Kant had to make a choice between providing rights to a defalcator, recognizing group rights, or leaving an object ownerless, he would tip the scales in favor of collective rights.

My second claim is that justification under Kantian principles does not require such a grueling analysis and strenuous interpretation. Kant himself, albeit in a fleeting reference, recognizes

\textsuperscript{80} See Carpenter 1, supra; Kristen A. Carpenter, \textit{Real Property and Peoplehood}, 27 STAN. ENVTL. L.J. 313 (2008) [hereinafter “Carpenter 3].
\textsuperscript{81} Byrd & Hruschka, supra, at 253.
\textsuperscript{83}See Dougherty, supra, at 357.
that individuals may will that their institution of property provide collective ownership as an alternative to individual ownership:

"Again, can anyone have a thing as his own on land no part of which belongs to someone? Yes, as in Mongolia where, because all the land belongs to the people, the use of it belongs to each individual, so that anyone can leave his pack lying on it or recover possession of his horse if it runs away, since it is his. It is only by means of a contract, however, that anyone can have a movable thing as his on land that belongs to another."\(^{84}\)

From this paragraph, it is clear that Kant acknowledges the possibility that reasonable people might opt for collective ownership as a viable alternative to individual ownership. This works especially well for proponents of CP, since this is exactly how most indigenous peoples or groups are formed. In Kantian lingo, each individual exercises his will to have his or her CP to be held in common by the members of the group, as an alternative to individual ownership. Kant’s reputation might rest in large part upon his contribution to the theory of individual freedom, but here he is, recognizing collective ownership. This also buttresses my previous proposition, that Kant would choose a group right in property over a muddled claim or an abandoned object.

I understand that such an expansive view of Kant might appear to be exploitative of his theories; if not shake, wobble the foundation of Kant, the leader of individual freedoms. This striking revelation aside, I believe that even otherwise, Kant’s theories have managed to garner a lot of support for CP allied concepts.\(^{85}\) Kantian views have influenced contemporary theorists such as Joseph Singer who suggests an amended view of the UPR; he states that in decisions about property distribution and entitlements, the law should and often does, take into account not only the owner’s rights, but also ‘the conflicting interests of everyone with legitimate claims’ to the land or other resource at issue.\(^{86}\) Such an arrangement would be greatly beneficial towards a defensive protection model of rights for the indigenous groups. It opens up doors for transactional mechanisms between the appropriators and the group including equitable-benefit sharing agreements.

C. Kant and his legacy

\(^{84}\) IMMANUEL KANT, THE METAPHYSICS OF MORALS 68, 86 (Cambridge Univ. Press 1991) (1797).
\(^{85}\) Carpenter 1, supra, at 1050.
\(^{86}\) JOSEPH WILLIAM SINGER, ENTITLEMENT: THE PARADOXES OF PROPERTY 91 (Yale Univ. Press 2000).
The greatest contribution of Kant, in the CP paradigm, however is the influence his creative genius\textsuperscript{87} has had on his progeny, Margaret Radin in particular.\textsuperscript{88} A full-blown exposition of Radin and her theory of ‘Property and Personhood’ and its application to Cultural Property is beyond the scope of this paper. However, it will suffice to say that there are currently many models of property and peoplehood building on the foundational work of Margaret Radin in the making, which holds great promise for CP aficionados.\textsuperscript{89} I mention Radin primarily because of her belief that a person can be bound with an external ‘thing’ in some constitutive sense. In other words, the value of an object is intrinsically linked to the person possessing it. For example, Radin argues that “if a wedding ring is stolen from a jeweler, insurance proceeds can reimburse the jeweler, but if a wedding ring is stolen from a loving wearer, the price of a replacement will not restore the status quo - perhaps no amount of money can do so.”\textsuperscript{90} This directly coincides with the argument that cultural property carries with it, for indigenous people, the idea that some properties are so constitutive of one’s identity that they demand treatment that transcends and surpasses that of an ordinary market transaction.\textsuperscript{91} Therefore, the intricate link between the property and the person justifies a property right, and the same can be extrapolated to the community rights perspective as well.\textsuperscript{92}

These strands of the Kantian philosophy, establish a strong claim for IP rights in CP. They prove that Kant can be used as a weapon to arm oneself in the battle for both positive and defensive protection. This view of Kant, as a champion of individual liberties by day and community sympathizer by night, is inchoate in scholarly work, despite the wave of work based on his scions. Another normative justification that has gained prominence in recent years is distributive justice mechanisms and its application to CP.\textsuperscript{93} We next pay homage to the honcho of distributive justice and fairness, John Rawls.

\textsuperscript{87} Merges Creative genius, it is interesting to note, that one of the other few times Kant deals with the effect or influence of the individual on the community is in the realm of the creative genius, and how it sparks off brilliance in others.

\textsuperscript{88} See Margaret Jane Radin, Property and Personhood, 34 STAN. L. REV. 957, 1014-15 (1982) [hereinafter Radin 1].

\textsuperscript{89} See Carpenter 1, supra; Carpenter 3, supra; Duane Champagne & Ismael Abu-Saad, The Future of Indigenous Peoples: Strategies for Survival and Development, (2003); For a critical view of “peoplehood,” pointing out both its descriptive and normative weaknesses, see John Lie, Modern Peoplehood 191-231 (Harvard University Press 2004).

\textsuperscript{90} See Radin 1, supra, at 958-953.

\textsuperscript{91} Sarah Harding, Justifying Repatriation of Native American Cultural Property, 72 IND. L.J. 723, 725, 749-53 (1997).

\textsuperscript{92} Carpenter 1, supra.

\textsuperscript{93} Hughes, supra, at 1256.
IV. Brawling over Rawls

Although many authors have dealt with the idea of redistributive justice, I restrict my analysis to John Rawls. My treatment of Rawls will be a marked distinction from how I have dealt with Locke or Kant due to the fact that the Rawlsian realm is much too broad to cover even in a paper as broad as this one. Therefore, in order to remain free from prolixity, I will use a two-pronged approach to analyze Rawls. First, I shall discuss how ex-ante, in the hypothetical original position, most individuals would agree that robust IP rights must be provided for group rights, and second, I will argue that ex-post, indigenous peoples remain some of the world’s poorest, or in Rawlsian lingo ‘worst-off’. I aim to prove how robust IP rights would alleviate their status.

A. Rawls and his Two Principles

Rawls’ views on distributive justice are laid out in his seminal work, ‘A Theory of Justice’.94 His ambient structure is built on two principles. Rawls’s first principle is that “each person has an equal right to a fully adequate scheme of equal basic liberties which is compatible with a similar scheme of liberties for all.”95 This appears to be similar to usual rhetoric that we hear from world leaders across the globe. That is, until we come face to face with his second principle, which states that “Social and economic inequalities are to be arranged so that they are both: (a) to the greatest benefit of the least advantaged, consistent with the just savings principle and (b) attached to offices and positions open to all under conditions of fair equality of opportunity.”96 This is very important to note for two reasons. Firstly, Rawls recognizes that inequalities can exist in society, however conditions that it be subject to the arrangement that they are to the greatest benefit of the least advantaged and that there are always fair and equal opportunities to apply to offices and positions, which attempts to quell the inequality. We shall get to the ‘least-advantaged’ and ‘just savings principle’ in a bit. However, armed with this basic knowledge of the Rawlsian set-up, we travel back to the inception of society, the Rawlsian Big Bang, aka the ‘original position.’

B. Decisions Behind the Veil

95 Id. § 46, at 302.
96 Id.
The ‘original position’ is a hypothetical situation in which all the prospective members of a given society come together to agree on how to set up the society’s basic institutions. Deliberations in the original position take place under a ‘veil of ignorance’, wherein none of the participants know what jobs, skills, social rank, or other attributes they will have in society. The question I wish to briefly explore is whether prospective members of a given society, would agree to provide robust IP rights for CP. I argue they would; members of the original position would posit that being a member of an indigenous community, usually meant being away from the mainstay of cultural, political and economic activity. Therefore these members would not have much to survive on apart from what they had created with their own labor and therefore, they would take every step necessary to make sure that those who belong to an already marginalized social group, are not ostracized further due to a lack of rights over what they created. I think that this view is further buttressed by the fact that members of the original position would not want to be put in a position whereby if they end up as a member of the indigenous community, they would not have the ability to lead a healthy social or economic life. Hence, they might feel that a robust IP right to a ‘not well off’ group, would be the right way to go.

For what it’s worth, the original position behind the illusionary veil of ignorance is exactly that, hypothetical. The original position discussion serves CP as well as a statement that ‘the state of nature was an example of collective ownership’ - healthy for the ears, deleterious for the brain.

C. Advantages to Destitution?

For a more full-throated justification of group property rights, we must return to the two Rawlsian principles highlighted earlier. Rawls is quite clear that inequalities are allowed to exist in society as long as it helps improve the lives of the ‘worst-off’ class. Therefore, we need to first identify the worst-off class, and make sure that laws passed improve the lives of those people. What does this have to do with CP? As Justin Hughes says, when discussing a Rawlsian justification for CP, “we should rank our present circumstances - the existing international and national legal systems of intellectual property - against an alternative that would be the same legal systems of intellectual property with the addition of the best system of TK/TCE protection we believe we can reasonably obtain in the current political

97 Id. at 11-12, 17-22.
98 Id.
99 Id. at 60; Id. at 78-79.
circumstances.” Therefore, assuming that indigenous peoples are amongst the ‘worst-off’
class in society, will providing them with robust IP rights over their CP, improve their status?
In other words, would wealth shift from other groups to the worst-off group, by providing
robust IP rights?

To answer this question, we must understand that Rawls, in his first principle, includes the
right to hold some property, however this is a very limited right, and only includes what he
refers to as personal property, which is property necessary for a basic sustenance, not a lavish
lifestyle. This does not mean that Rawls was totally opposed to property rights, he was more
agnostic than anything else. He certainly believed that a wide range of property rights might
be established; however, he did not deem it worthy enough to be a liberty, as described in his
first principle.

Given the ambivalent attitude Rawls has towards property, what does he have to say about
something resembling a group right in CP? Would he support providing the worst-off group
with IP rights? I argue that he does, and place reliance on the fact that preservation of
resources is one of the few justifications that John Rawls expressly embraces for property
rights. In The Law of Peoples, Rawls offers the following reasoning:

“An important role of government ... is to be the effective agent of a people as they take
responsibility for their territory and the size of their population, as well as for maintaining the
land’s environmental integrity. Unless a definite agent is given responsibility for maintaining an
asset and bears the responsibility and loss for not doing so, that asset tends to deteriorate. On my
account the role of the institution of property is to prevent this deterioration from occurring.”

In the CP context, this is ideal for a multitude of reasons. First, it is undeniable that the customs
and traditions of the indigenous peoples are best protected by the people themselves. This can
be due to either the sacred nature of the CP, or simply due to an intricate understanding of the
know-hows and practices. In fact, most indigenous peoples have a sacred duty to protect and
disseminate the CP within the group, and any failure to adhere to the principles would lead to
strict censure within the group. Conservation of CP is therefore, paramount, both by virtue

100 Hughes, supra, at 1258.
101 Rawls, supra, at 270-274.
103 Darrell A. Posey, Preface to Cultural And Spiritual Values Of Biodiversity, at xvii, xvii (Darrell A. Posey ed.,
1999).
of tradition as well as duty. Further, Indigenous peoples have an amazing record of conserving and transmitting information between generations, sometimes in writing but mostly orally.\textsuperscript{104} Most of the information that is currently in use has survived hundreds of years, more than some civilizations even. Arguably, some scholars argue that not only have indigenous peoples maintained and conserved their CP, they have made constant increments to it through each generation. This is particularly highlighted in cases of tribal folklore, dances or songs, and is referred to as a dynamic CP.\textsuperscript{105} Property rights to Indigenous peoples are also justified by the fact that there is usually no “wastage” of the CP within the group. CP are so inextricably linked to the survival and livelihood of these people that their entire lives will be in peril, if they squander their CP. In fact, by providing IP rights, we allow the individual groups to be the masters of both their past and future.

Additionally, the effects of such a bestowment is also economically and socially advantageous. By providing rights to the Indigenous peoples, you allow them to decide what CP they should and should not put on the market, depending on the collective decision of the group. This is particularly valuable in cases in which indigenous peoples do not want their sacred CP to be on the market.\textsuperscript{106} This also gives the indigenous peoples, not the individual countries, the true reins to the flow of profits from the sale of CP.

Although traditional peoples and communities are responsible for the discovery, development, and preservation of a tremendous range of medicinal plants, health-giving herbal formulations, and agricultural and forest products that are traded internationally and generate considerable economic value, it is nearly impossible to estimate the exact economic contribution of CP to the global economy.\textsuperscript{107} Such a study will need to take into account both misappropriated folklore music used in mainstream bands, and the revenue generated by their record sales, and online sales, on one hand, while also taking into account legitimate appropriation of plant-based medicine, its manufacture and its market sales - A Herculean task. Although attempts have been made in this regard (Estimated market value of plant-based medicines in OECD alone in

\textsuperscript{104} Kathleen Nortensen, Poet Carries on Oral Tradition, THE IDAHO STATESMAN, Sept. 21, 1996.
\textsuperscript{105} Carpenter 1, supra, at 1083.
\textsuperscript{106} See Radin 1, supra, at 1014-15; Margaret Jane Radin, Market-Inalienability, 100 HARV. L. REV. 1849 (1987) [hereinafter Radin 2].
1990 was close to $61 billion for example), a thorough empirical study of the value of CP has not yet been conducted. If one was to be conducted, I wager it would reveal that most of the time, the indigenous peoples do not get a fair share, or any share of the profits derived from their CP. By providing them with strong IP rights, I contend that we will reverse the menace of appropriation.

D. Dangers of the Benefactor/Provider Dichotomy

However, one thing that must be kept in mind when providing such wide range of rights, is the question of who benefits from these rights? As the Tunis Model Law and domestic statutes demonstrate, most times, developing countries fail to take into account the views of the major shareholders in this debate, the indigenous peoples. Rather such legislations make the country themselves the de-facto owners, something that can have grave repercussions in unstable countries. Further, in the International sphere as well, developing countries have used CP as a bargaining chip when criticizing western hegemony at the international level. However, they have shown little inclination on their part to involve the Indigenous peoples themselves at these negotiations. The Tunis Model law, adopted by UNESCO, is a prime example of this. The law, under Section 6 and 18 provides that the holder of the CP rights will not be, the indigenous communities, but rather an obscure, ‘competent authority’. Providing strong IP rights directly to the affected groups must be tailored such that, we are able to circumvent such political games and give the Indigenous peoples the ability to exercise power over their CP.

Therefore, I argue that from both an ex-ante and an ex-post perspective, IP rights to members of cultural groups are justified under the Rawlsian context. This justification can be achieved in two ways. Either through the ‘protection and preservation of resources’ reasoning that Rawls explicitly agrees is a good justification for a property right, or by arguing that conferring IP rights on the indigenous peoples is a way of improving their ‘worst-off’ status in society. Irrespective, a Fairness or Rawlsian based justification seems to be the sturdiest normative

111 Bangui Agreement, supra, § 6(1) and § 18.
112 Dutfield, supra, at 239.
113 Bangui Agreement, supra, § 6(1) and § 18.
justification for a group property right in CP. In the last part of this paper, we now move away from the narrow realm of theory into the expansive dimension of practice and analyze how IP systems around the world have evolved, with respect to group rights in general. We look at the criticisms that group rights have faced, CP specifically, and we look at some refutations to these unsubstantiated claims. In turn, we evaluate group right related solutions in major IP systems, and how despite its incipient stage, this might be the spark necessary to set off the wildfire that is CP.

V. Group Rights in Status Quo

Some scholars tend to harp on the ramifications of granting group rights in CP. The argument runs that determining the appropriate group, arbitrating differences in opinion about exercising the rights, and providing means for others to deal with the group to seek permission to use the cultural elements, are all problems that need to be solved, even if normatively solutions are agreed to. In addition to this, the 'perpetuity' requirement of Indigenous peoples about their CP is in sharp contrast to the utilitarian idea of IP flowing back to the public domain. Indeed, a common misconception that people have is the idea that CP is in the public domain and therefore no one is harmed by its appropriation. This has led some to argue that what is already in the public domain under the IP regime cannot be individually appropriated again, and therefore Intellectual Property Law is inappropriate to protect CP. Such a blanket statement does not hold much water since Intellectual property law has actually been readily adaptable to new subject matter and to various types of group production and ownership.

I. A Gestalt Rebuttal to the Cynics

First, it must be realized that despite IP Law romanticizing the sole creator, there are many areas which are created and held by groups. As Lorie Graham notes, "a movie, for example, may be the product of creative contributions from dozens or hundreds of directors, writers, actors, costumers, special effects technicians, and more. Inventions from pharmaceuticals to software to aeronautics all require input from many people over a period of time. Trademarks often act as a banner giving an illusion of unity to vast international enterprises. The rights to copyrights and

114 Munzer & Raustiala, supra, at 86.
115 Dutfield, supra, at 238.
patents are often held by corporations with millions of shareholders.\textsuperscript{116} Graham goes on to further note that the U.S. patent law was amended to treat teams, in effect, as a single inventor for determining whether a claimed invention was sufficiently ‘non-obvious.’\textsuperscript{117} Similarly, others have argued that a trademark is nothing more than a unifying group for a vast amount of individuals.\textsuperscript{118} The consumer-friendly approach of Trademark Law has been met with approval by CP supporters. For example, under the Indian Arts and Crafts Act, all merchandise produced or manufactured by Native American groups will be certified, thus distinguishing authentic merchandise produced by the community from those which are cheap replicas.\textsuperscript{119} In recent history as well, group rights for traditional groups has occupied the front pages, due to the use of Native American mascots by sports teams. Even in a non-indigenous people’s context, the OSI Certified mark can be used on software to show that it conforms to the principles of the open source software movement - a large, dispersed group united mainly by certain beliefs about computer programs.\textsuperscript{120} The Patent and Trademark Office is charged with the responsibility to cancel or to refuse to register a trademark if it determines that the mark may ‘disparage’ certain persons, a provision that led to an initial cancellation of the famous mark in the ‘Washington Redskins.’\textsuperscript{121} (A case that has recently gained notoriety for the filthy words used by the counsel for the Redskins in his brief).\textsuperscript{122} Similarly, in the NCAA, college teams need permission from Native American groups before using their logos, providing a platform for Native American groups to dictate terms for the usage of their symbols.\textsuperscript{123}

Calls for Intellectual Property Law to cater to group creations have existed for quite a while, even in a non-Cultural property context. Margaret Chon, while analyzing the IP protection afforded to the Chain Art Project, argued that collaborative works should be provided a group right, with a right to license non-exclusively, only with a duty to account to the co-owners.\textsuperscript{124} Similarly, cohorts of Wikipedia, Fan art fictions, have all called for a more group-oriented


\textsuperscript{122} Erik Brady, \textit{Redskins not only offensive name with trademark protection}, USA TODAY, Nov. 3, 2015 (http://www.usatoday.com/story/sports/nfl/redskins/2015/11/03/team-redskins-not-only-offensive-name-trademark-protection/75115730).


\textsuperscript{124} Chon, \textit{supra}, at 268.
approach to IP law. There is clearly a growing consensus amongst IP scholars and plebeians alike that the nature of IP law needs to change, to include a more group-oriented approach. I hope that the arguments I had provided analyzing the fluid nature of IP law, refute many of the reproaches that a group-oriented approach has had to face.

II. Rights in Perpetuity for CP?

One criticism for CP, however sticks out like a sore thumb. It is a critique of CP that has plagued proponents of CP since the protection debate took center stage - A cornerstone of IP, the argument goes, is the fact that rights are not granted in perpetuity. They are granted to the creator for a specific duration of time, after which they are deposited into the rich repository known as the public domain, from which other creators may create new works, and the cycle continues. The argument continues that permanently vesting a right would grant undue monopoly to the creator(s) and would fail to advance social utility, amongst other harms.125 This would obviously deal a severe blow to the supporters of an IP method of protection for CP. Indigenous peoples are most definitely not going to agree to partaking in any system where their entire culture is essentially time-bound. Therefore, we must first understand if the rebuke is valid in the first place.

This attack suffers from multiple defects. However, due to my desire to avoid verbosity, I will constrain myself to three short rebuttals. First and foremost, it must be remembered that CP isn’t like any other form of property. It is uniquely placed in the property spectrum due to the innate attachment the community shares with their CP.126 This can be due to the sacred nature of the property, or simply because of the fact that the CP is their primary, and in most cases only source of livelihood. It would not be an overreach to say that the survival of some indigenous groups is contingent on them being able to use their CP according to their own discretion. Imposing any sort of time duration on this pristine right, would not just violate their IP rights, but their very right to self-determination, an erga-omnes obligation in International Law.127

My second confutation revolves around the Rawlsian concept of the periphery and the core. Exquisitely explained by Prof. Merges, the idea is that every IP right includes two separate

125 Munzer & Raustiala, supra, at B6.
components: an inviolable individual contribution, which he calls the ‘deserving core’ of the work covered by the right and a component that can best be thought of as owing its origins to social forces and factors, which he calls ‘the periphery.’ Because the periphery is attributable to social forces, it represents the part of the work that society itself has a claim on, by way of its redistributive policies.\textsuperscript{128} In the CP paradigm however, I believe that all societal contributions are taken care of within the core itself, since the society is the one who holds the right in common. What I am arguing for, in fact, is for a permeable core and periphery distinction, and a correspondingly strong or weak IP protection. Therefore, I argue that just like how providing a society/group an IP right are grounds for a high threshold of IP rights, similarly a lone creator, in a desolate island, with no ties to civilization also should be conferred with a high threshold of IP rights, due to the lack of societal input. In the first case there is not a lack of societal input, but the society itself holds the right in common, while in the second case, there is a total absence of societal contribution. Conversely, creation of a mere motley of existing works, should have a thin line of protection, similar to the idea/expression merger doctrine in copyright law.

Finally, I argue that IP rights can be seen as a very partial form of reparation of past wrongs, and therefore can hardly be seen to be excessive in nature.\textsuperscript{129} This argument is related to my first rebuttal in that, widespread and systematic denial of indigenous peoples’ rights to their tangible and intangible property has resulted in a denial of their fundamental right to exist as distinct peoples. Perpetual protection of CP is therefore in my view, necessary and not in conflict with the IP regime principles. In status quo, the Law of Trademarks serve as a guiding light for perpetual protection of an IP right in this regard. All that is required is for the Trademarks to be systematically renewed, in order to make the protection permanent. An analogous system for the protection of CP can definitely be envisioned.

VI. Conclusion

The Inter-Governmental Committee on Traditional Knowledge,\textsuperscript{130} recently on October 14, 2015 had its mandate renewed for another two years, with the sole objective of breaking the deadlock that has engulfed the CP debate. Unfortunately, once again, the committee has had

\textsuperscript{128} Merges 1, \textit{supra}, at 121.
\textsuperscript{129} Graham & McJohn, \textit{supra}, at 325.
difficulties arriving at a consensus, and enters the General Assembly's October 2017 session with consensus on only a few issues, such as that the mandate should be renewed for two years.\textsuperscript{131} I have argued in this paper that a universal solution starts with a universal language. The language here is western philosophical justifications of property. Many might find a different semantic to be more suitable for CP, that is fine as well. As long as the dialect is universally understood, it would solve most of the problems dogging the CP debate presently. I can certainly attest to the fact that there exist many models for the protection of CP in circulation amongst academic circles. Admittedly, none of these are the paragon for the protection of CP, however they certainly serve as prototypes. Prof. Merges ominously warns those ambivalent about collective property, “isn't it better to adjust and adapt our conception of property than to restrict it to traditional channels, where it will preside, in all its formal rigor, over a still-large but backward-looking domain?”\textsuperscript{132} I go a step further and argue that our conception of property have been constantly evolving, engulfing many items which otherwise would not have an IP right, into the property net.\textsuperscript{133} Why not CP as well? I find it baffling that items like folklore, folk dances, medicinal knowledge, etc. which are clearly within the confines of copyright law or patent law are ostracized and doomed to rest in ‘The Twilight Zone’ of Law merely because they do not adhere to the austere requirements of the outdated statutes. Therefore, I conclude this paper with a similar question as the one I proposed at its inception. What do Attila the Hun, Richard Leigh, Montesquieu, Rod Stewart and Earl Warren all have in common? They all agree that the spirit of the law is greater than its letter. It is by virtue of this alone, if nothing else, that group property rights in CP warrant merit.


\textsuperscript{132} Merges 2, \textit{supra}, at 1191.

\textsuperscript{133} See Heading V - Group Rights in IP Practice.
I. Introduction: The WWE Breaking Point

In October 2014, a Delhi appeals court in World Wrestling Entertainment (WWE) v. Reshma Collection found that a Plaintiff located in one jurisdiction could, against a Defendant located in a second jurisdiction whose activities invited a cause of action in a third jurisdiction, sue for trademark and copyright infringement in a fourth jurisdiction under Indian law. Even adjusting for the liberal position endorsed by the Indian trademark and copyright statutes on jurisdiction, this was an extraordinary outcome.

In effect, a corporate Plaintiff with no place of business in India had succeeded in sustaining an infringement suit in Delhi against Mumbai-based Defendants selling products locally. The court upheld the Plaintiff’s claim – made ex parte and unverified by evidence – that its own website hosted in the United States could theoretically be used by a person in Delhi to purchase the Plaintiff’s products, and so demonstrate that the Plaintiff has business interests in Delhi, in order to have jurisdiction. In principle, it permitted a rightsholder under the Indian trademark or copyright statutes located anywhere in the world, with very few qualifications, to sue for infringement anywhere in the country.

Two trends have dominated this furrow of the Indian law on jurisdiction in intellectual property cases in recent years. The first has been a notable rise in the number of trademark and copyright infringement actions filed by and against corporations. This has meant that, for a large corporation with multiple offices, determining where it ‘carries on business’ – a sufficient condition under Indian law for a Plaintiff to sustain an infringement action – has become an increasingly important inquiry.

The second trend has been of a large number of trademark and copyright infringement actions being triggered by causes of action occurring online. In such cases, determining where ‘the
cause of action, in whole or in part’ arose – another condition available to Plaintiffs for sustaining infringement actions – can be tough to ascertain.

Therefore, it is tempting, in hindsight, to see the WWE decision as the precise moment when these two trends were finally stretched to the breaking point. Going strictly by the WWE position – one which continues to be followed sporadically in Delhi3 – Defendants could be compelled to answer trademark and copyright infringement claims at any jurisdiction in India, to be determined entirely at the discretion of the Plaintiff.

The Indian Supreme Court was offered the opportunity to inject some balance into this position in IPRS v. Sanjay Dalia4 (‘IPRS’) in July 2015. Here, the Supreme Court was confronted with another instance of a corporate Plaintiff filing a suit at a jurisdiction tactically favourable to it, in a manner that was legally compliant in form but not in spirit. The Supreme Court in IPRS succeeded in marking out some constraints within which the law on jurisdiction must operate in such suits.

In nearly two and a half years since then, Indian courts have grappled with these constraints, with statutory language, with diverse factuals and even more diverse interpretations. The overall effect is one of overwhelming disarray. It is this disarray that I shall endeavour to navigate through and resolve in this Article.

§2 and §3 of this Article set out the statutory provisions available to Plaintiffs seeking to set up jurisdiction for trademark and copyright infringement actions in India. In §4, I discuss the IPRS decision and identify fault lines in its reading of the jurisdiction statutes. Through §5, §6 and §7, I offer some thoughts on the raft of case law generated by Indian High Courts in the months following IPRS, and the manner in which they have followed, modified and extended the core propositions set out by the Supreme Court. §8 focuses on two post-IPRS talking points that have dominated Indian law in this area in 2017 – quia timet jurisdiction claims and the inconsistent judicial scrutiny visited on challenges to jurisdiction. I conclude in §9 with a call to return to the objective behind the incorporation of the Plaintiff-friendly jurisdiction provisions under Indian trademark and copyright law.

In this Article, I take the position that IPRS has been extended far beyond its remit to crowbar words into the Indian copyright and trademark statutes that do not belong there, and that a swift reconsideration of the Indian law on jurisdiction governing copyright and trademark infringement action is necessary for this reason.

II. Jurisdiction under Section 20 of the Civil Procedure Code

Indian law follows the well-established norm that civil proceedings must ordinarily be instituted by a Plaintiff at a place where the Defendant may defend them without inconvenience. Section 20 of the Indian Civil Procedure Code, 1908 (CPC) embodies this norm of chasing the Defendant to make jurisdiction. It instructs that civil suits must be instituted where the Defendant resides or carries on business [Section 20(a)] or where the cause of action arises, wholly or in part [Section 20(c)].

Appended to Section 20 is an explanation, which dictates that the expression ‘carries on business’, as it applies to corporate Defendants, means the sole or principal office of the corporation. Alternatively, if the cause of action occurs at any place where a corporate Defendant also has a subordinate office, that place shall be presumed to be where the corporation carries on business.

The upshot of the Explanation is that a corporate Defendant may be sued either at the place where its sole or principal office is located or at a place where the cause of action coincides with a subordinate office of the Defendant. The reason for the first part of the Explanation from the standpoint of the convenience of the Defendant is clear and intuitive since presumably a corporate Defendant has sufficient resources at its disposal to defend a civil action at its sole or principal place of business.

However, the second part of the Explanation, which opens up a corporate Defendant to civil proceedings even at the location of a subordinate office, is somewhat anomalous. While a Defendant could reasonably prepare for and defend an action at its sole or principal office, doing so at any one of potentially numerous subordinate offices is certainly at odds with the convenience of the Defendant. This has been recognised by the Indian Supreme Court as far back as 1991, in Patel Roadways v. Prasad Trading.5

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This case determined that the intention behind the second part of the Explanation was to prevent a corporate Defendant from claiming that it does not carry on business at a place where other factors – the cause of action and the presence of its own subordinate office – strongly indicate that it does. In *Patel Roadways*, the Supreme Court reasoned that, permitting a corporate Defendant to wriggle out of a prime suing jurisdiction in this manner would have the undesirable effect of compelling the Plaintiff to travel to the jurisdiction of the Defendant’s principal office to sue, where, presumably, the scales of convenience would be tilted in the Defendant’s favour.

As such, *Patel Roadways* confirms a coherent and unequivocal departure from the convenience of the Defendant as the guiding intention behind the second part of the Explanation to Section 20. It merits observation, however, that *Patel Roadways* was insistent that the word “or” separating the two limbs of the Explanation meant that a corporate Defendant could be presumed to be carrying on business at either its principal office or its subordinate office where any cause of action also coincides, but not at both.

**III. Jurisdiction under Sections 62(2) and 134(2)**

On top of the jurisdiction framework set out by Section 20 of the CPC, the Indian Copyright Act and Trade Marks Act offer Sections 62(2) and 134(2) respectively. These provisions capture the exceptional rule that, over and above the rules for jurisdiction provided under Section 20, a Plaintiff retains the freedom to bring an infringement action where the Plaintiff resides or carries on business. The reason for this is to ensure the convenience of the Plaintiff in instituting proceedings for copyright or trademark infringement, as the case may be.

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6 “The clear intendment of the Explanation,” said the Supreme Court, “is that, where the corporation has a subordinate office in the place where the cause of action arises, it cannot be heard to say that it cannot be sued there because it does not carry on business at that place.” *Id.* ¶ 13.


8 The Supreme Court felt that permitting a corporate Defendant to dodge jurisdiction in the alternative to this interpretation “would be a great hardship” to the Plaintiff, and that compelling to defend an action where the cause of action overlaps with the Defendant’s subordinate office would be fair since “that place should be convenient to the Plaintiff.” *Id.* at ¶ 13.

9 *Id.* at ¶ 12.

10 The two provisions are *in pari materiae* and references hereinafter to Section 134(2) in relation to trademark infringement actions apply with equal force to Section 62(2) in relation to copyright infringement actions, and *vice versa*.

11 The Supreme Court in *IPRS* offered the most detailed discussion yet for the legislative intent informing what I will call the Plaintiff-option jurisdiction provision under Section 62(2) of the Copyright Act. The short point is that it was intended to be for the benefit of copyright holders who would be deterred from pursuing civil proceedings
Two further points may be made at this stage. First, it is clear that a Section 62(2)/134(2) claim for jurisdiction in a copyright/trademark infringement action has nothing to do with Section 20. Sections 62(2)/134(2) open with non-obstante language to underscore this very point. If a Plaintiff carries on business at a place, it can file a suit there, regardless of where the Defendant is or where the cause of action arises, and without the slightest concern for any of the Patel Roadways-infused trappings of Section 20 or its Explanation.

Second, a Plaintiff seeking to make jurisdiction under Sections 62(2)/134(2) may be a corporation, and the words ‘carries on business’ under Sections 62(2)/134(2) are identical to those under Section 20(a). While the Explanation to Section 20 is not appended to Sections 62(2)/134(2), it is clear from Supreme Court case law in recent years that the expression ‘carries on business’ under Sections 62(2)/134(2) is to be read in a like manner as under Section 20.12

IV. The Supreme Court Decision in IPRS

A. Context

It is in this context that the Supreme Court decision in IPRS must be interpreted. Here, a Mumbai-based corporate Plaintiff had sued a Mumbai-based Defendant for copyright infringement in Delhi on the strength of the Plaintiff carrying on business out of its subordinate office in Delhi. The jurisdiction claim, therefore, was formally within the Plaintiff-option jurisdiction clause in Section 62(2). Equally, any finding in favour of the Plaintiff regarding the sustainability of the suit at Delhi would have to make peace with the fact that it would also authorise a similarly placed Plaintiff to sustain such a suit at the same location as any of its numerous subordinate offices.

Further, IPRS came to be decided around nine months on from the remarkable judgment in WWE, where a Delhi appeals court had extended the term “carries on business” under Sections 62(2)/134(2) to the mere possibility of the Plaintiff having a commercial presence in a given

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for infringement of their rights if the law required them to chase Defendants into other jurisdictions. IPRS v. Sanjay Dalia, (2015) (63) P.T.C. 1 (S.C.) at ¶ 10-11.

However, the reasons for extending an identical provision under the Trade Marks Act in 1999 in service of trademark rights holders remain unclear. Today, trademark rights holders have little in common with their copyright brethren who were supposed to benefit from the incorporation of Section 62(2) into the Copyright Act in the 1950s. I have argued elsewhere that the reasons for this extension to trademark rights holders are prima facie unconvincing. See Eashan Ghosh, A Recovery Plan for the Indian Law on Maintainability of Trade Mark Infringement Actions after WWE’s Knockout Punch, 37(5) EUR. INTELL. PROP. REV. 320,321-322 (2015).

jurisdiction via the internet. This was a far lower threshold than the presence of a physical subordinate office, which had traditionally been the requirement for an entity to meet the “carries on business” condition. \textit{WWE} had inarguably tilted the scales too far in favour of Plaintiffs.\textsuperscript{13} Thus, the Supreme Court in \textit{IPRS} was under pressure to address the relative convenience of the parties to a copyright infringement suit. As a result, the Supreme Court ruled against the Plaintiff on jurisdiction and made three key determinations:

First, it bluntly stated that the extension of Sections 62(2)/134(2) to infringement actions initiated in far-flung places on the pretext that a corporate Plaintiff carries on business at such place through its subordinate office was an abuse of the Plaintiff-option jurisdiction provision.\textsuperscript{14} To check such abuse, the Supreme Court recommended a balancing act. It said that courts should consider the mischief sought to be addressed by Sections 62(2)/134(2) – i.e. permitting Plaintiffs to bring infringement actions at locations more convenient to them – and the counter-mischief that could hit Defendants if Sections 62(2)/134(2) were to be applied liberally – i.e. forcing Defendants to defend infringement actions at extremely inconvenient locations.\textsuperscript{15}

\textit{B. Addressing the Mischief}

Second, while it recognised that jurisdiction under Sections 62(2)/134(2) was untethered to Section 20, it said that this freedom to sue exclusively under Sections 62(2)/134(2) was not absolute.

\textit{“In case the Plaintiff is residing or carrying on business at a particular place/having its head office and at such place cause of action has also arisen wholly or in part,”} said the Supreme Court, \textit{“the Plaintiff cannot ignore such a place under the guise that he is carrying on business at other far-flung places also.”}\textsuperscript{16}

The framing here is critical. The highlighted portion clarifies that if the Plaintiff’s residence or principal place of business coincides with the location of the cause of action, the Plaintiff \textit{cannot} sue elsewhere.\textsuperscript{17} The only uncertainty is lent by the words \textit{“Plaintiff is residing or

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\textsuperscript{13} It is curious but not unexpected that the \textit{IPRS} Supreme Court makes no direct reference to \textit{WWE}.

\textsuperscript{14} \textit{IPRS} v. Sanjay Dalia, (2015) 63 P.T.C. 1 (S.C.) at ¶ 16.

\textsuperscript{15} Id. ¶ 23-24.

\textsuperscript{16} Id. ¶ 16. Edits and emphasis in all direct quotations hereinafter is mine alone.

\textsuperscript{17} Similarly, it concluded that, given an option between suing at a place where it resides or carries on business coupled with the cause of action arising there and a place where it carries on business through a subordinate
carrying on business at a particular place/having its head office”. At first glance, this suggests that the restriction holds only where the cause of action overlaps with the Plaintiff’s place of residence, principal office or principal place of business. This is confirmed at later points in IPRS itself.\textsuperscript{18} However, other points in the judgment hint that the restriction is broader, and would attach where the cause of action overlaps with a place where the Plaintiff merely ‘carries on business’.\textsuperscript{19}

It is a point that commands substantial attention since its consequence, especially on corporations, is profound. If the operation of the restriction is confined to the Plaintiff’s residence, principal office or principal place of business, a corporate Plaintiff with a principal office at location A and ten subordinate offices around the country would only be limited by IPRS to filing suit at A if the cause of action arises there. However, if the restriction applies to any place where the Plaintiff carries on business, a cause of action arising at the same place as, say, the seventh of its ten subordinate offices would compel the Plaintiff to sue at that place, to the exclusion of its principal office.

The former view is more appealing. This is because the anti-mischief objective, at its core, should only weed out suits filed by Plaintiffs at far off places unconnected to either party or at places where Plaintiffs perceive a lopsided advantage in their favour. The latter view, in a sense, amounts to importing a Patel Roadways-style exposition on the Explanation to Section 20 into the phrase ‘carries on business’ in Sections 62(2)/134(2). The difficulty that arises on both views, of course, is that, although IPRS has used the words ‘carrying on business at a place/having its head office’, the two phrases separated by the punctuation slash have entirely different connotations in this context.

Under either connotation, however, the Supreme Court eliminates the possibility of suing under Sections 62(2)/134(2) solely on the strength of the location of the Plaintiff’s subordinate office in the target jurisdiction. At a pinch, this specific passage can also be read to cover instances where a Section 62(2)/134(2) invocation of jurisdiction is sought to be defended where the Plaintiff’s subordinate office is located along with what is realistically a trivial or

\textsuperscript{18} \textit{Id.} at ¶ 16-20.

\textsuperscript{19} \textit{Id.} ¶ 23, 47.

\textit{Id.} at ¶ 17, for instance, uses the words "ordinary residence/principal place of business"; \textit{Id.} ¶ 24, 47.
insignificant part of the cause of action. These are the true mischiefs sought to be stamped out by IPRS.\textsuperscript{20}

However, the very next sentence in the same passage – to the effect that the intention of the Copyright and Trade Marks Acts is to secure the convenience of the Plaintiff – runs counter to the tenor of restricting the Plaintiff’s options.\textsuperscript{21} The same paragraph also speaks amorphously of the need to budget for the convenience of the parties in determining jurisdiction, which only creates confusion.

\textit{C. Duplicity on the Applicability of Section 20}

Finally, the Supreme Court’s observations on the interplay between Sections 62(2)/134(2) and Section 20 require to be addressed. Though the non-obstante language at the top of Sections 62(2)/134(2) suggests that the uncoupling of these provisions from the influence of Section 20 is absolute, the IPRS Supreme Court took divergent stances on this point.

At paragraph 12, the Supreme Court said:

\textit{“In our opinion, the expression ‘notwithstanding anything contained in the Code of Civil Procedure’ does not oust the applicability of the provisions of Section 20 of the Code of Civil Procedure and it is clear that [an] additional remedy has been provided to the Plaintiff so as to file a suit where he is residing or carrying on business etc, as the case may be. Section 20 of the Code of Civil Procedure enables a Plaintiff to file a suit where the Defendant resides or where the cause of action arose.”}

However, at paragraph 20, it said:

\textit{“There is no doubt [that] the words used in [Sections 62(2)/134(2)], ‘notwithstanding anything contained in the Code of Civil Procedure or any other law for the time being in force’, emphasise that the requirement of Section 20 of the CPC would not have to be complied with by the Plaintiff if he resides or carries on business in the local limits of the court where he has filed the suit but, in our view, at the same time, as the provision providing for an additional forum, cannot be interpreted in the manner that it has authorised the Plaintiff to institute a suit at a different place}

\textsuperscript{20} Id. ¶ 22.
\textsuperscript{21} The Supreme Court said: “The very intendment of the insertion of provision in the Copyright Act and the Trade Marks Act is the convenience of the Plaintiff. The rule of convenience of the parties has been given a statutory expression in Section 20 of the CPC as well. The interpretation of provisions has to be such which prevents the mischief of causing inconvenience to the parties.” Id. ¶ 16.
other than the place where he is ordinarily residing or having principal office and incidentally where the cause of action wholly or in part has also arisen.”

These two passages point at drastically different conceptions of the space occupied by Sections 62(2)/134(2) and Section 20 relative to each other. Paragraph 12 appears to advocate that Section 20 continues to be the grundnorm from which Sections 62(2)/134(2) are merely deviations. Paragraph 20, conversely, suggests a view more faithful to the copyright/trademark statutes, subject only to the anti-mischief condition that the coincidence of the Plaintiff’s principal office and the cause of action at a place limits the freedom under Sections 62(2)/134(2) to that place alone.

Both conceptions also suffer from clear objections. The first view negates the very meaning of the non-obstante opening of Sections 62(2)/134(2). The second view, in sum, declares that there is ‘no doubt’ that the first view is incorrect.22

Overall, though, it is the first passage that rankles. To say that a non-obstante clause ‘does not oust the applicability’ of the very provision it is aimed at neutralising is, on any view, extremely poor framing. Its appearance in this context prompts one of two possibilities.

The first possibility is that Sections 62(2)/134(2) are envisioned by the IPRS Supreme Court as the smaller of two concentric circles, with Section 20 supplying the larger circle. Under this interpretation, Paragraph 12 prescribes the rule that the ‘additional remedy’ under Sections 62(2)/134(2) is only available where one (or more) of the Section 20 conditions are present in the target jurisdiction.

Even so, this only ought to apply in the specific instance that is described in Paragraph 12 i.e., where the Plaintiff brings a suit at a place that is not a place where the Plaintiff resides or carries on business. Under this formulation, the first port of call in a jurisdiction inquiry would be under Section 20, to establish whether or not the Defendant resides or carries on business [Section 20(a)], or whether there is a cause of actio [Section 20(c)].

The second possibility – a formally unattractive one – is that ‘does not oust the applicability’ is simply an error by the Supreme Court, and that Sections 62(2)/134(2) enable a Plaintiff to bypass Section 20, as is suggested by the non-obstante opening words. A Plaintiff would thus

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22 The frustrating inconsistency between these views is heightened by the fact that the remainder of the discussion of the jurisdiction possibilities arising out of Section 20 by the IPRS Supreme Court is limited and unobjectionable. Id. ¶ 12-15.
be able to maintain a suit simply by demonstrating that it carries on business within the target jurisdiction, with no reference to the Defendant or the cause of action whatsoever. Should it be unsuccessful in establishing jurisdiction in this manner, the fate of its action would be determined by whether it can meet Section 20 in the same target jurisdiction.

The availability of Section 20 as a backup in such cases is implied by the use of the words “shall...include” in Sections 62(2)/134(2), which suggests that the Plaintiff-option jurisdiction under Sections 62(2)/134(2) is in addition to, and not in derogation of, the Section 20 conditions. This is suggested even in Paragraph 12 by the use of the words “Section 20 of the Code of Civil Procedure enables” a Plaintiff to sue where the Defendant resides or carries on business, or where the cause of action arises.

Crucially, under this interpretation, an inquiry into jurisdiction would commence from the question of whether the Plaintiff qualifies for jurisdiction under Sections 62(2)/134(2). It is only if the Plaintiff fails to make jurisdiction there that Section 20 would be considered. This would leave the option open to the Plaintiff to choose between pressing its case under Section 62(2)/134(2) alone, or pressing it under Section 20 alone, or pressing it under both, in the alternative, so long as it does not inconvenience the Defendant.

D. Initial Judicial Reactions to IPRS

Less than three weeks after IPRS, the Delhi High Court in Ultra Home Construction v. PK Chaubey,23 found against the sustainability of a trademark infringement suit in Delhi in a case where the cause of action had arisen at a place where the Plaintiff also carried on business. In this case, though Mr. Justice Mehta recognised that Sections 62(2)/134(2) were meant to offer a convenient option to Plaintiffs to file a suit where they have an office or are carrying on business, he said that “no right was intended to be created in favour of the Plaintiff to file the suit at the place where the cause of action has not arisen.”24

The same judge was presented another opportunity to discuss jurisdiction in early September 2015 in Foundry Visionmongers v. Satyanarayana Reddy.25 The question before him was whether ‘carries on business’ would cover an exclusive reseller in India when the Plaintiff itself

24 Id. ¶ 6.
was located abroad. He found that it would not, reasoning that having an Indian proxy of this nature was insufficient since “carrying on business has necessarily to be only through an office of a company.”

Mr. Justice Mehta’s engagement with IPRS here attached great importance to the fact that IPRS, while drawing its limitation around Sections 62(2)/134(2), used the phrase ‘carries on business’ alongside a punctuation stroke with the term ‘head office’. To him, this indicated that ‘carries on business’ was intended by the IPRS Supreme Court to be read synonymously with a company’s principal or head office. Since, in this instance, there was clearly no office at all in contemplation in India, a finding of no jurisdiction was obvious.

Mr. Justice Mehta would then get a third opportunity at interpreting IPRS just five months after his first, this time in Bigtree Entertainment v. Saturday Sunday Media Internet. On this occasion, the Plaintiff ignored a judicial suggestion to amend their case to claim jurisdiction based on cause of action rather than on Sections 62(2)/134(2). They opted instead to rely on WWE to establish that they were carrying on business in the target jurisdiction via the internet alone. Mr. Justice Mehta disagreed, and once again tied the presence of the Plaintiff to the presence of a physical office, in terms of Section 20(a) and the Explanation to Section 20. This set up a ruling against the sustainability of the Plaintiff’s suit, not because of the absence of the Defendant’s infringing activities in the jurisdiction but because the Plaintiff’s assertion of jurisdiction based on Sections 62(2)/134(2), rather than Section 20, was misguided – an oddly technical ground for a rejection of this nature but one entirely justified by the letter of the law.

V. The Ultra Home Appeal

A. Extension of the Section 20 Explanation to Sections 62(2)/134(2)

26 Id. ¶ 18.
28 However, some residual uncertainty persists on account of Mr. Justice Mehta’s previous finding that “carrying on business has necessarily to be only through an office of a company”. His reading of IPRS seems to indicate that carrying on business could be at a subordinate office as well, not just principal or head office; see also Micro Labs v. Eris Life Sciences, (2015) 64 P.T.C. 9 (Mad.).
29 Bigtree Entertainment v. Saturday Sunday Media Internet, (2016) 66 P.T.C. 329 (Del.).
30 “Before the commencement of dictation of this judgment, and even right at the inception, I put it to the [Plaintiff] that it is advisable, of course subject to discretion of the Plaintiff, that [it] can amend the suit so that the territorial jurisdiction is claimed on the ground of arising of part of cause of action in Delhi not on account of Section 134”, said Mr. Justice Mehta. Id. ¶ 3.
31 “In law, unless a company has an office at a place,” he stated, in a categorical distancing from the WWE position, “it cannot be said to be carrying on business at that particular place.” Bigtree Entertainment v. Saturday Sunday Media Internet, (2016) (66) P.T.C. 329 (Del.) ¶ 5.
32 To this end, he also revisited Patel Roadways at length. Id. ¶ 5.
The simmering confusion over whether Sections 62(2)/134(2) could be pressed into service by a Plaintiff independent of Section 20 ultimately came to a head before the Delhi High Court in January 2016 in the *Ultra Home* appeal.\(^{33}\)

Mr. Justice Ahmed, speaking for the appeals court, began its review of Mr. Justice Mehta's decision with an elaboration on the Explanation to Section 20.\(^{34}\) This discussion was broadly in line with §1 above. It ended with the binary that, under Section 20, a corporation can be presumed to carry on business either at its principal office or at its subordinate office (provided the latter overlaps with the cause of action), but not at both places.\(^{35}\)

However, the appeals court proceeded to extend the Explanation to Section 20 to apply to Sections 62(2)/134(2) as well,\(^{36}\) on the basis that the expression ‘carries on business’ under Section 134(2) receives the same meaning as under Section 20.\(^{37}\) Even leaving aside the obvious objection of making a transposition of this nature for which there is no statutory basis, the extension is mystifying because the *IPRS* Supreme Court, which reviewed the same legal position, did not feel it necessary. Mr. Justice Ahmed, however, claimed that *IPRS* does authorise such a transposition.

At Paragraph 12, he said:

“[T]he Explanation [to] Section 20 has not been expressly incorporated in [Sections 62(2)/134(2)]. But, the Supreme Court has, in [*IPRS*], given the expression “carries on business” used in relation to a corporation in the context of a Defendant in Section 20 the same meaning when it is used in relation to a Plaintiff under [Sections 62(2)/134(2)]. It would be instructive to note the following observations of the Supreme Court in [*IPRS*].”

This was followed by a reproduction of Paragraphs 14, 15, 18-22 and 52 of *IPRS*.

Then, at the top of Paragraph 13, Mr. Justice Ahmed simply said:

“It is evident from the above observations that the interpretation given to the expression ‘carries on business’ in the context of a Defendant under Section 20 has also been employed in the context of a Plaintiff under [Sections 62(2)/134(2)].”

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33 Ultra Home Construction v. PK Chaubey, (2016) 65 469 (Del.).
36 Id. ¶ 12.
37 Id. ¶ 13.
Going purely by the sequence of the words used by Mr. Justice Ahmed, the Explanation to Section 20 has been used by the IPRS Supreme Court in relation to a Plaintiff under Sections 62(2)/134(2), and that this is evident from IPRS itself.

B. Objections to the Ultra Home Extension

From any point of view, this is a remarkably lax manner to make a leap of this magnitude. Following Mr. Justice Ahmed’s reading of IPRS to find an endorsement for this extension to the paragraphs in question, shed little light. The Explanation to Section 20 is referenced three times in these IPRS paragraphs, each time in a descriptive context, and clearly chained to Section 20 alone. It may, at best, be possible to read parts of Paragraphs 18 and 52 of IPRS as Mr. Justice Mehta did in Foundry Visionmongers and Bigtree Entertainment previously, to make a Plaintiff file suit where its place of business, principal or subordinate, overlaps with the cause of action.

Further, even if the meaning of ‘carries on business’ under Section 20 is to be read in a like manner under Sections 62(2)/134(2) this does not, by itself, mean that the Explanation to Section 20, which references the principal and subordinate offices of a corporate Defendant would apply seamlessly to a corporate Plaintiff in an entirely different statute.

The Explanation to Section 20 imposes a condition that corporate Defendants must be sued at the place of their subordinate office, if the cause of action can be set up there by the Plaintiff. Transposing this into Sections 62(2)/134(2) would mean that a corporate Plaintiff would be forced to sue where the cause of action coincides with a subordinate office, even though it may, for its own convenience and for other perfectly legitimate reasons, actually prefer to bring the action where it has its principal place of business.

The principle of convenience – defended at length by IPRS – would immediately get submerged if the Explanation to Section 20 were to be read into Sections 62(2)/134(2) in this manner. The

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39 Id. ¶ 18 “In our opinion, in a case where the cause of action has arisen at a place where the Plaintiff is residing [or carries on business] would oust the jurisdiction of [any] other place where the cause of action has not arisen though at such a place, by virtue of having subordinate office, the Plaintiff instituting a suit or other proceedings might be carrying on business or personally works for gain.”
40 Id. ¶ 47 “In our opinion, [Sections 62(2)/134(2)] have to be interpreted in [a] purposive manner. No doubt about it that a suit can be filed by the Plaintiff at a place where he is residing or carrying on [business]. [The Plaintiff] need not travel to file a suit [at] a place where the Defendant is residing or cause of action, wholly or in part, arises. However, if the Plaintiff is residing or carrying on business [at] a place where the cause of action, wholly or in part, has also arisen, he has to file a suit at that place, as discussed above.”
words “in respect of any cause of action arising at any place where it has also a subordinate office, at such place” in the Explanation, while perfectly acceptable in their applicability to corporate Defendants under Section 20, would leave corporate Plaintiffs with nowhere to go under Sections 62(2)/134(2).

Mr. Justice Ahmed then held that, even if the Explanation to Section 20 was not imported into Sections 62(2)/134(2) in the case before it, this would not have altered the factual finding on ‘carries on business’. The Ultra Home appeals court then set out four possible factual combinations for generating jurisdiction outcomes in different scenarios. However, having already read the Explanation to Section 20 into Sections 62(2)/134(2), the court’s conclusion that the Plaintiff would have to sue at a subordinate place of business clearly inconvenient to it was virtually a fait accompli, and one which was in line with Mr. Justice Mehta’s finding six months prior.

VI. RSPL, Manugraph, and Beyond

A. Judicial Disagreements with Ultra Home

In April 2016, Mr. Justice Sanghi of the Delhi High Court, in RSPL v. Mukesh Sharma, took issue with the ruling in the Ultra Home appeal. His disagreement was rooted in what he saw as a misreading by Ultra Home of the facts before IPRS Supreme Court. This was to the extent that, in IPRS, not only were both parties based in Mumbai but the cause of action had also arisen there, and that the Plaintiff had filed suit in Delhi solely on the strength of it carrying on business in Delhi through its subordinate office.

Mr. Justice Sanghi therefore argued that the IPRS restriction applied only to the facts before it and to other identical situations i.e. where the cause of action and the Plaintiff’s principal office are in the same location and yet the Plaintiff seeks to file suit elsewhere on the basis of a subordinate office only. It did not, in his opinion, restrict the freedom of Plaintiffs under

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41 This raises the exasperating question of why the Explanation was forced into Sections 62(2)/134(2) to begin with. World Wrestling Entertainment v. Reshma Collection, (2017) (70) P.T.C. 550 (Del.) at ¶ 16.
42 Id. ¶ 13.
43 Id. ¶ 14.
44 Id. ¶ 10.
45 RSPL v. Mukesh Sharma, (2016) 66 P.T.C. 225 (Del.).
46 Id. ¶ 54.
Sections 62(2)/134(2) to file suit at the location of their principal office even if the cause of action coincided with a subordinate office at another location.\footnote{Id. ¶ 57.}

Mr. Justice Sanghi framed his reading of *IPRS* along three propositions.\footnote{Id. ¶ 22.} First, he said that Sections 62(2)/134(2), when used to sue at the primary location of a Plaintiff, liberate the Plaintiff from having to establish a cause of action at that location. In the case of a corporation, the primary location shall be where its registered office is situated.\footnote{As useful as this formulation would be in resolving *Ultra Home*-style facts, a fair appraisal of this view requires me to point out that there is no warrant for this ‘carries on business equals registered office only’ interpretation in *IPRS* itself.}

Second, as I have noted at §2 above, Mr. Justice Sanghi confirmed that Sections 62(2)/134(2) merely offer an option to Plaintiffs, and Plaintiffs are perfectly entitled to attempt to fulfill the Section 20 conditions in order to make jurisdiction, if they so wish.

Third, he stated that Plaintiffs cannot sue at the location of their subordinate office under Sections 62(2)/134(2) unless one of the Section 20 conditions is also met. This is a rather circuitous way of saying that, in such a situation, Section 20 alone must be considered.\footnote{Mr. Justice Sanghi himself would, in effect, confirm this view a few weeks later, dismissing a Plaintiff’s jurisdiction claim unsupported by a principal office, Defendant’s place of business or cause of action in HSIL v. Oracle Ceramic, (2016) 66 P.T.C. 511 (Del.). This was a judgment in which, interestingly, he also hinted at a possible divergence between the Supreme Court decisions in *Dhodha House* and *IPRS* on the substance of what “carries on business” means; “So far as the judgment in *Dhodha House* is concerned,” he said at ¶ 12, “it is seen that the said decision has been considered by the Supreme Court in *IPRS*. *IPRS* being the later decision [would] therefore, prevail.”; On the same subject, the Madras High Court has, on at least one notable occasion since *IPRS* applied the traditional meaning to “carries on business” to find jurisdiction in favour of the Plaintiff under Sections 62(2)/134(2). See Mankind Pharma v. Sun Pharma Laboratories, (2016) 68 P.T.C. 241 (Mad.).}

These observations by Mr. Justice Sanghi would then receive wholehearted endorsement by the Bombay High Court in *Manugraph India v. Simarq Technologies*\footnote{Manugraph India v. Simarq Technologies, (2016) 67 P.T.C. 254 (Bom.).} in June 2016.

Mr. Justice Patel in *Manugraph* distinguished the facts before him, where the cause of action had arisen at a venue different from the Plaintiff’s principal office, from those in *IPRS*. He found that, in *IPRS*, the cause of action had arisen at the same place as the Plaintiff’s principal place of business and the Plaintiff had, nevertheless, brought a suit elsewhere.\footnote{Id. ¶ 16.} The option to the Plaintiff to sue under Sections 62(2)/134(2) was unavailable for this reason. However, in the
facts at hand in *Manugraph*, the option to file a suit at the Plaintiff's principal place of business under Section 62(2)/134(2) was a real one.

In the same case, Mr. Justice Patel neatly resolved the *IPRS* findings into three propositions, which I reproduce below:\(^5^4\)

“(a) A Plaintiff can always file a suit in a court within the local jurisdiction of which its registered office or principal office is located. This is a ‘pure’ [Section 62(2)/134(2)] invocation of jurisdiction. The location of the Defendants and the place of accrual of the cause of action is inconsequential. [Sections 62(2)/134(2)] do not refer to the situs of the cause of action or the situs of the Defendants’ location at all.

(b) Where a Plaintiff also has a [subordinate] office elsewhere, it may bring suit in a court in that location, but this is no longer a [Section 62(2)/134(2)] jurisdictional invocation. The jurisdiction is governed by [Section 20]; and hence, one of the Defendants must be found there; or it must be shown that the cause of action has arisen, wholly or in part, in that jurisdiction. This option does not oust or limit the Plaintiff’s right to move under [Sections 62(2)/134(2)].

(c) A Plaintiff can always travel to where the Defendant is located or where the cause of action arises and bring suit there. This again is purely a [Section 20] invocation of jurisdiction. It has nothing at all to do with [Sections 62(2)/134(2)]. The Plaintiff need not have any office in that location.”\(^5^5\)

Mr. Justice Patel also noted, crucially, that the Explanation to Section 20 applies only to corporate Defendants, and not corporate Plaintiffs.\(^5^6\) Going further still, he pointedly disagreed with the appeals court in *Ultra Home* and sided with the findings of Mr. Justice Sanghi in *RSPL*.\(^5^7\) Indeed, his disavowal of Mr. Justice Ahmed’s opinion in *Ultra Home* appeal was

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\(^5^5\) *Id.* ¶ 36(d). The court also entered a separate conclusion speaking to the mischief sought to be addressed in *IPRS*. It said “The [Section 62(2)/134(2)] privilege or advantage attaches to the registered office or principal place of work. It is a privilege not to be used by abandoning the registered office *situs*, abandoning the Section 20 *situs* options, and travelling to some remote location where there is neither Defendant nor cause of action. That is the mischief addressed in [*IPRS*]. To illustrate: the Plaintiff has its registered office in Mumbai. The defendant is in Delhi. The cause of action arose in Delhi. The plaintiff also has another branch office in Port Blair. A Plaintiff can sue in Mumbai or in Delhi, but not in Port Blair”.

\(^5^6\) *Id.* ¶ 13.

\(^5^7\) On this subject, Mr. Justice Patel observed “Mr. Justice Sanghi’s judgment sets out several passages from [*IPRS*] and he, too, concludes, as have I, that the Supreme Court [recognised] that an additional forum had been provided under [Sections 62(2)/134(2)] by including the District Court within whose limits a Plaintiff actually and voluntarily resides or [carries on business] as a possible place for such a Plaintiff to bring a trademark or
absolute, and it is worth mentioning that the Delhi High Court is yet to disagree with \textit{Manugraph} in a contested judgment, at the time of writing.

However, on RSPL’s motion against Mr. Justice Sanghi’s findings in August 2016, Mr. Justice Ahmed, speaking once again for the Delhi appeals court, not only restored the position he had authored in \textit{Ultra Home} but also, without reference to \textit{Manugraph}, launched a quite extraordinary attack on Mr. Justice Sanghi’s disagreement with the \textit{Ultra Home} decision.

\textbf{B. Delhi Cases after the \textit{Ultra Home} Reinstatement}

Following this emphatic reinstatement of \textit{Ultra Home}, Delhi judges in particular have broadly gravitated towards a restrictive reading of Sections 62(2)/134(2). In December 2016, Mr. Justice Gauba in \textit{Piruz Khambatta v. RR Modi}, had, on remarkably IPRS-like facts, interpreted IPRS to mean that it is incumbent on the Plaintiff claiming jurisdiction under Sections 62(2)/134(2) to sue at its principal place of business if the cause of action arises there, and “not at other places”. He found that the presence of the Plaintiff’s agents or certain promotional activities of the Defendant having effects in Delhi was insufficient to sustain a suit in Delhi since speculative links to the target jurisdiction in this manner were the precise mischief sought to be curtailed by IPRS. He ruled against the Plaintiff.

\footnote{copyright action…I am in most respectful agreement with the views expressed by Mr. Justice Sanghi. In my view, his reading of [IPRS] is correct on all counts.” \textit{Id.} ¶ 34-35.}

\footnote{“I am, with regret, unable to accept the interpretation of [IPRS] in the decision of [Ultra Home],” began Mr. Justice Patel on this issue in \textit{Manugraph}. “I would ordinarily have been loathe to stray too far from the decision of [an appeals court] of another High Court,” he continued, “but this view seems to me to be plainly incorrect. I believe [Ultra Home] was in error [in saying] that the deeming provision of Section 20, i.e., the Explanation, had been ‘read into’ [Sections 62(2)/134(2)] (for isolating the place where the Plaintiff can be said to be carrying on business... [That] was not the issue before the Supreme Court at all, nor did the Supreme Court read down the provisions of either of these two sections.” \textit{Id.} ¶ 33.}

\footnote{RSPL v. Mukesh Sharma, (2016) 68 P.T.C. 178 (Del).}

\footnote{Mr. Justice Ahmed said “[It] is indeed unfortunate that [Mr. Justice Sanghi] has embarked upon an adventure to disagree with \textit{Ultra Home}, albeit, ‘as a student of law’. It is not open to a single judge [as a trial court] to differ from or critically appraise a decision of [an appeals court]...there is no need to express any difference of opinion or disagreement or purport to give reasons for the said difference of opinion, or to even suggest that the decision of the [appeals court] may need re-consideration. 

...[With] some anguish, we may observe that we find it difficult to comprehend [why Mr. Justice Sanghi] went to such lengths to record his difference of opinion with \textit{Ultra Home} when, according to [Mr. Justice Sanghi] himself, the so-called difference of opinion...had ‘no relevance’, to the [case before him]. Such an unnecessary pursuit and adventure has been undertaken by the [judge] while, at the same time, [he] rued [the fact] of overflowing dockets and heavy workloads of courts. Why was such a fruitless and futile ‘academic’ exercise undertaken by the [judge]? This would remain a mystery.” \textit{Id.} ¶ 31-32.}

\footnote{\textit{Piruz Khambatta v. RR Modi}, CS (OS) 3694/2014, Delhi High Court order dated December 20, 2016.}

\footnote{\textit{Id.} ¶ 27.}

\footnote{\textit{Id.} ¶ 28.}
January 2017 saw another opinion by Mr. Justice Ahmed in *PK Sen v. Exxon Mobile*, this time shutting out foreign Plaintiffs from invoking Sections 62(2)/134(2) on the ground that they were *prima facie* disentitled from claiming that they have a principal place of business in India. This is, yet again, a difficult view to stand behind. Not only do Sections 62(2)/134(2) authorise no distinction of the sort but it simply cannot be that the words “or carries on business” which appear in Sections 62(2)/134(2) are restricted in their application on the lines of nationality.

Finally, in March 2017’s *Radico Khaitan v. Nakshatra Distilleries & Breweries*, Mr. Justice Endlaw considered the heretofore undiscussed question of whether a Plaintiff’s subordinate office needs to be in exactly the same place as the cause of action arises or if it is permissible for it to merely be in the same state/province for the Explanation to Section 20 to attach (Under *Ultra Home*, the Explanation would, of course, limit a Plaintiff claiming jurisdiction under Sections 62(2)/134(2) to the place where the cause of action arises.). Mr. Justice Endlaw ruled that a direct, place-for-place correlation between the subordinate office and the cause of action was unnecessary since it would negate the anti-mischief purpose built into *IPRS*.

Even apart from the objections to *Ultra Home*, there is a difficulty with this ruling to the extent that extremely localised Defendant businesses – for instance those with offices/operations in place A in a given province but not in place B in the same province – will still be dragged to inconvenient forums in place B. However, as Mr. Justice Endlaw correctly observed, both A and B would likely be more convenient jurisdictions for such Defendants relative to a jurisdiction outside the province.

**VII. Post-Ultra Home Trends and their Consequences**

**A. The Quia Timet Craze**
So entrenched has the Ultra Home view become in Delhi courts that the Plaintiffs in Allied Blenders & Distillers v. Prag Distillery\(^{71}\) in January 2017 themselves invited Mr. Justice Bakhru to conclude that their subordinate office in Delhi was insufficient to confer jurisdiction.\(^{72}\) He ultimately ruled against the Plaintiffs because the cause of action that they argued had arisen in Delhi quia timet (i.e. prior to any physical act(s) by the Defendants but on the basis of a threat of imminent and irreversible harm) was not actually so, since the Defendants had commenced operations elsewhere in the country.\(^{73}\)

As such, this Allied Blenders decision marks a reasonable starting point for a recent glut of quia timet claims by trademark and copyright proprietors. Hamstrung by the Ultra Home limitations to Sections 62(2)/134(2),\(^{74}\) such proprietors have seemingly migrated to instituting quia timet actions seeking to base infringement actions on the whole or part of an as-yet unmaterialised cause of action via Section 20(c) of the CPC.\(^{75}\)

This quia timet craze\(^{76}\) is far from the only impact that Ultra Home has had on the post-IPRS jurisdiction landscape. Two issues in particular are of considerable interest.

The first is that, with the Explanation to Section 20 now judicially tacked onto Sections 62(2)/134(2),\(^{77}\) there arises the issue of whether further standalone interpretations of the Explanation – notably but not limited to patent infringement jurisdiction cases – must now be read into Sections 62(2)/134(2).

For instance, Mr. Justice Gauba in AIA Engineering v. BHEL\(^{77}\) and Federal Express v. Fedex Securities\(^{78}\) dove deep into Supreme Court case law on Section 20\(^{79}\) to return fairly restrictive,\

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\(^{71}\) Allied Blenders & Distilleries v. Prag Distillery, (2017) 69 P.T.C. 609 (Del.).

\(^{72}\) Id. ¶ 9.

\(^{73}\) Id. ¶ 25.

\(^{74}\) This is not to say, of course, that Section 62(2)/134(2) invocations have disappeared from view, even in Delhi. For instance, in January 2017, Mr. Justice Endlaw found, in line with IPRS, that where the cause of action arises at neither principal nor subordinate places of business of the Plaintiff, Sections 62(2)/134(2) only offer the Plaintiff the option of filing suit where its principal office is situated. He was offered an opportunity in this case to consider Mr. Justice Rao’s July 2016 opinion in Allied Blenders & Distillers v. RK Distilleries, (2017) 69 P.T.C. 493 (Del.) but declined. See HSIL v. Marvel Ceramics, (2017) 69 P.T.C. 514 (Del.) ¶ 12, 15; A March 2017 Gujarat appeals court decision in Vimal Dairy v. Kaira District Co-Operative Milk Producers Union, (2017) 71 P.T.C. 386 (Guj,) offers another recent illustration of a faithful, if unremarkable, application of Sections 62(2)/134(2).

\(^{75}\) Shree Nath Heritage Liquor v. Octaga Green Power & Sugar, (2017) 71 P.T.C. 241 (Del.).

anti-Plaintiff findings. These could well have significant effects on the scope of the Plaintiff-option jurisdiction provisions in the future. It remains to be seen how Indian judges will approach them.

**B. How Much Scrutiny Should Jurisdiction Claims Invite?**

The second, more sizeable point of interest is that jurisdiction claims made by Plaintiffs are quickly becoming the site of a pitched battle – not on their substance but on the level of judicial scrutiny they should invite.

This issue has its roots in the CPC, Order 7, Rules 10 and 11 which provide grounds for rejecting suits at the threshold, even prior to admission. In such cases, either upon an application by the Defendant or *suo moto*, a court can examine whether the Plaintiff’s written claim discloses sufficient material regarding jurisdiction to sustain the suit. This is typically a preliminary inquiry, and one in which courts treat the Plaintiff’s claim on demurrer.²⁸¹

The Delhi appeals decisions in the *Allied Blenders & Distilleries v. RK Distilleries*²⁸² and *Allied Blenders & Distilleries v. Prag Distillery*²⁸³ in February-March 2017 have controversially softened the trigger on this scrutiny. These cases now offer judicial imprimatur to Plaintiffs to bring *quia timet* actions for infringements of intellectual property held up by vague threats of the Defendants commencing business within the target jurisdiction, and very little else.²⁸⁴

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²⁷77 AIA Engineering v. BHEL, (2017) 69 P.T.C. 476 (Del.).
²⁷88 Federal Express v. Fedex Securities, (2017) 71 P.T.C. 155 (Del.).
²⁸⁰ Inter alia, he has variously held that a corporation can only be sued at its subordinate office if the cause of action arises there; that jurisdiction cannot be asserted based on an insignificant or trivial part of the cause of action, and that a cause of action cannot accrue in favour of a Plaintiff if the Defendant does not commit some positive act. The latter, in particular, may seem like a bit of smoke and mirrors. However, it was emanates from the rather benign standpoint that, if the Defendant is one hundred percent passive and commits no act, a cause of action cannot arise. See AIA Engineering v. BHEL, (2017) (69) P.T.C. 476 (Del.) ¶ 37, 40, 42; Federal Express v. Fedex Securities, (2017) (71) P.T.C. 155 (Del.) ¶ 20.
²⁸¹ The demurrer rule itself is not free from incongruence. It asks courts to evaluate a Plaintiff’s case essentially in a vacuum, even though a claim of lack of jurisdiction in several cases is initiated by the Defendant.
²⁸² Allied Blenders & Distilleries v. RK Distilleries, (2017) 69 P.T.C. 493 (Del.).
²⁸³ This decision arose from Allied Blenders’ appeal against Mr. Justice Rao’s opinion that the Plaintiffs did not make jurisdiction owing to the absence of a cause of action in Delhi. See Allied Blenders & Distilleries v. RK Distilleries, (2016) 67 P.T.C. 563 (Del.) ¶ 24.
²⁸⁴ Allied Blenders & Distilleries v. Prag Distillery, (2017) 70 P.T.C. 1 (Del.).
²⁸⁵ *Supra* note 83, at ¶ 12, 14, 21-22;

In a development that would foreshadow the same court’s decision in *Allied Blenders v. Prag Distillery* the following day, there was nothing demonstrated by the Plaintiff to support its apprehension of an imminent cause of action apart from its own statement that it apprehended the Defendant would commence business in Delhi. The absence of anything substantial in the Plaintiff’s own case to sustain jurisdiction would constrain Mr. Justice Endlaw to carefully tiptoe around the flimsy level of inquiry supported by the *Allied Blenders* appeals in order to
Even more startlingly, the Delhi appeals court has endorsed the view that, at the stage of filing/admission, the only inquiry that a court needs to make is of whether an averment has been made by the Plaintiff with regard to a material fact, without looking into whether such an averment is substantiated. This goes well beyond the traditional justification that a lower threshold for scrutiny is acceptable at the admissions stage because jurisdiction is merely a preliminary inquiry, not to be decided with the same rigour as an application for interim injunction (after arguments by both parties) or permanent injunction (after trial).

This is an extremely hard position to defend. It implies that not only must anything stated by the Defendant challenging jurisdiction be ignored, but literally everything in support of the Plaintiff’s own case, filed by the Plaintiff with full knowledge of the rest of its case, must also be discarded in a preliminary jurisdiction inquiry. The only thing a court must look for is the mere presence of a statement in support of the target jurisdiction. The question of whether such a statement is accurate or confirmed by supplementary material of any description appears to be off-limits. It requires no great imagination to foresee the far-reaching consequences a finding of this nature could have on the Indian law on jurisdiction in such cases.

As such, the Allied Blenders appeals have also had the ramification of splitting rejections of jurisdiction claims by Plaintiffs into two, based on whether or not they appear to be trending towards endorsing less rigorous judicial inquiries into such claims. The post-IPRS trend had understandably been towards examining jurisdiction claims more thoroughly, though a lower threshold for such claims had also been upheld. The Allied Blenders correction is a drastic one in the direction of the latter but recent experience suggests that Delhi judges are not embracing the Allied Blenders rulings quite as enthusiastically as they did those in Ultra Home.


85 Mr. Justice Ahmed in the appeals court found that Mr. Justice Bakhru was wrong to conclude that the Plaintiff’s apprehension “was not substantiated by any material which would indicate a reasonable ground for the [apprehension]” since the substantiation of a written averment by the Plaintiff “is a part of evidence” and its examination “would come later”. Allied Blenders & Distilleries v. Prag Distillery, (2017) (70) P.T.C. 1 (Del.) ¶ 9.

86 supra note 80, at ¶ 22.


89 A few recent illustrations will suffice to make the point

In July 2017, Ms. Justice Sharma found against the Plaintiffs on jurisdiction after judging the correctness of their averments and examining the documents supporting them. “It is apparent that the [Plaintiff’s claim] does not disclose that any part of the cause of action has arisen in Delhi,” she said. “The Plaintiffs seem to be indulging in
VIII. Conclusion: Returning to the Objective of Sections 62(2)/134(2)

In conclusion, I am compelled to revisit the biggest source for confusion in the area of Indian law post-*IPRS* – the decision to extend the Explanation to Section 20 of the CPC to Sections 62(2)/134(2) by the Delhi appeals court in *Ultra Home*.

It brooks no argument that the purpose of Section 20 is to define where it is legally permissible to sue a Defendant, keeping in view the convenience of the Defendant. Nowhere in the literature on Section 20 is the Plaintiff’s convenience considered a dominant consideration. Indeed, within this range of possibilities, the only scope for limiting the Defendant’s convenience is to be found in the second part of the Explanation under Section 20.

This portion of the statute functions to shut out a corporate Defendant from accessing an extremely specific defence. It blocks a corporate Defendant from claiming that it does not do business – and, *ergo*, cannot be forced to defend a civil suit – at a place where it has a subordinate office and where some positive action by it has set up a cause of action for a Plaintiff. The length of the preceding sentence and the relevance of all its conditions alone suggests the singular circumstances needed to trigger it. Taken in this sense, the objective of the Explanation to Section 20 is, therefore, very much *preventative*. It operates for the limited forum shopping by resorting to clever drafting.” *See* Shree Nath Heritage Liquor v. Octaga Green Power & Sugar, (2017) 71 P.T.C. 241 (Del.) ¶ 21, 22, 26, 29;

In April 2017, Mr. Justice Gauaba, after a detailed examination of the documents filed by the Plaintiff, found against the sustainability of their suit in Delhi. He came down hard on the Plaintiff, decrying what he saw as a trend of suits being filed with voluminous supporting documentation, in which material relevant for determining jurisdiction was being hidden, possibly intentionally, by Plaintiffs. "The Plaintiff [cannot] expect the court to go through the voluminous documents to find out the facts, particularly such facts as deserve to be mentioned upfront in clear terms," he said. *See* Federal Express v. Fedex Securities, (2017) (71) P.T.C. 155 (Del.) ¶ 25, 26, 28.

This stricture was very similar to one issued by Mr. Justice Endlaw on different facts about three months earlier. Disapproving of the manner in which the Plaintiff arranged and presented its documents in support of its case, he had said: “In this regard, it may be stated that the [Plaintiff’s] documents run into 895 pages and it is not possible while reading the file before the hearing to run through each and every page and an inkling of the documents is taken from [their] description in the [index] which is filed. The Plaintiff, describing the documents in the index as advertising brochures, cannot file other documents. Had the document been described [as it has by the Plaintiff], it is well-nigh possible that, while so reading the file, the [document] may have been perused [by the judge], [and] the suit may not have been entertained.” *See* HSIL v. Marvel Ceramics, (2017) 69 P.T.C. 514 (Del.) ¶ 24, confirmed on appeal in FAO (OS)(COMM) 45/2017 HSIL v. Marvel Ceramics, Delhi High Court order dated November 3, 2017; *See* Radico Khaitan v. Nakshatra Distilleries and Breweries, (2017) 70 P.T.C. 316 (Del.) ¶ 22, where Mr. Justice Endlaw demanded a detailed perusal of jurisdiction claims to ensure that they were not "merely a play of words [by the Plaintiff] so as to initiate the legal process." “The words ‘dynamic effect’ and ‘credible and imminent threat’ [in reference to a proposed *quia timet* cause of action] sound impressive,” he continued, “but are without any particulars and hollow.”

Meanwhile, several other Delhi decisions including Indovax v. Merck Animal Health, (2017) 71 P.T.C. 647 (Del.); Microsoft Corp v. Rajesh Kumar, CS(COMM) 444/2016, Delhi High Court order dated October 17, 2017; Bajaj Resources v. Goyal Herbals, CS(COMM) 1564/2016, Delhi High Court order dated November 24, 2017, Travellers Exchange v. Celebrities Management, CS(COMM) 51/2016, Delhi High Court order dated December 7, 2017 have returned outcomes which can safely be characterized as unenthusiastic about following the *Allied Blenders* position.
purpose of foreclosing a line of defence that the law considers circuitous, oblique, and therefore impermissible.

By contrast, the purpose of Sections 62(2)/134(2) is diametrically opposite to Section 20. Under these provisions, the Plaintiff is given an option to sue where it resides or carries on business, keeping in view the convenience of the Plaintiff. The distortion of this right in recent years, exemplified by *WWE*, was, as I outlined in §1, imputable largely to the ubiquity of internet transactions and the geographical expansion of corporations lately which applies to the bulk of Plaintiffs in copyright and trademark infringement cases in India. The latter trend, which was the subject of the Supreme Court deliberations in *IPRS*, certainly merited intervention.

However, the *IPRS* pushback against this trend, as I explained in §4, is a limited one, and seeks to cut out only a specific category of abuse by the Plaintiff. *IPRS* simply says that, if the Plaintiff has a principal place of business and that principal place of business intersects with the cause of action in a given jurisdiction, there ends the inquiry into jurisdiction under Sections 62(2)/134(2). The Plaintiff must sue there. On these facts, the Plaintiff cannot sue instead at a place where it has a subordinate office by claiming that it “carries on business” where such subordinate office is located.

To be clear, such a Plaintiff may well have a case to say that it *does* carry on business at such subordinate office as well. Be that as it may, a jurisdiction where the Plaintiff’s principal place of business and the cause of action are both found cannot be bypassed in favour of another jurisdiction. Despite its unhappy use of language that both tangles and untangles Sections 62(2)/134(2) from the influence of Section 20, the core and spirit of the *IPRS* finding travels no further than this.

Therefore, stapling the Explanation to Section 20 onto Sections 62(2)/134(2) as the *Ultra Home* appeal and the line of cases following it have done is fundamentally at odds with the objective of these Plaintiff-option jurisdiction provisions. According to this view, corporate Plaintiffs have no option but to file suit where their subordinate office is if the cause of action also arises there. It does not matter that their principal office is located elsewhere or that their commercial influence predominates in another jurisdiction. The second part of the Explanation to Section 20 operates to confine their suit to the location of their subordinate office to the exclusion of the place where their principal office is located.
From the standpoint of the convenience of a corporate Plaintiff, there are likely to be several instances where this convenience will be best preserved by permitting it to sue where its principal office is. Naturally, it is also possible that a corporate Plaintiff would find it convenient to sue where it has a subordinate office. However, there is little dispute that, in the majority of cases, the purpose of the Plaintiff suing in the same jurisdiction as its subordinate office was only because, in its assessment, it would enjoy a great advantage by doing so relative to the Defendant. This, of course, is because the Defendant would often have no way of assessing where such an action would be filed, let alone being able to summon the resources to defend such an action effectively. It is clear that the IPRS Supreme Court considered this an abuse of the Plaintiff-option jurisdiction provision. There is no disagreement with such an assessment.

By the same token, it is undeniable that reading the Explanation to Section 20 into Sections 62(2)/134(2) pushes the scales too far in the other direction. It goes beyond the mandate for stepping in to cut out the mischief caused by the abuse of Sections 62(2)/134(2). This is because, over and above the Section 20 possibilities (which, IPRS and Ultra Home agree, exist for the convenience of a prospective Defendant), there is now only one scenario exclusive to Sections 62(2)/134(2) which such a Defendant must defend against.

This scenario is the pure IPRS prohibition i.e. where the Plaintiff’s principal office is in the same jurisdiction where the cause of action arises. However – and I cannot emphasise this enough – this is no different from forcing a Plaintiff to comply in all such cases with Section 20(c), which provides for jurisdiction based solely on cause of action. If the cause of action in this scenario were to be relocated to another jurisdiction, what survives would no longer be the IPRS prohibition – it would simply be two jurisdictions; one containing the principal office and the other containing the cause of action.

Under Ultra Home, the only pure invocation of Sections 62(2)/134(2) i.e. where a Plaintiff can sue at the location of its principal office independent of Section 20, would be reliant on the cause of action arising in a third jurisdiction, where the Plaintiff has neither principal office (first jurisdiction) nor subordinate office (second jurisdiction). In all other cases, the Plaintiff would have to chase the cause of action or the Defendant. Therefore, to exercise its ‘option’, a

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corporate Plaintiff would have to hope for an outcome entirely outside its control – the chance occurrence that the cause of action arises where it has no place of business to speak of.

I maintain that, absurdities and impossibilities apart, this cannot be the objective of Sections 62(2)/134(2). Indeed, this is hardly an ‘option’ in the hands of a corporate Plaintiff in any meaningful sense. It is hard to see how this set of outcomes puts the Plaintiff at any sort of advantage, convenience-based or otherwise, relative to the Defendant. Apart from the rarity of a third jurisdiction factual, the Defendant, under the Ultra Home view, is defending itself in the exact same jurisdictions as it would under a law (Section 20) that has been constructed almost entirely for its benefit. On the contrary, reading the Explanation to Section 20 into Sections 62(2)/134(2), at its sharpest point, eliminates the forum most likely to be convenient and comparatively advantageous to the Plaintiff. It displaces this forum in favour of one where a corporate Plaintiff's convenience, apart from being ex facie unpredictable, is far from guaranteed.

Equally, it is clear that much of the relevance of the issues in §8 – of how much of the cause of action must arise in a particular jurisdiction in order to trigger cause of action jurisdiction, and of the degree of detail with which courts must peruse the Plaintiff’s claim while deciding maintainability on the ground of jurisdiction – rests on whether and how far Sections 62(2)/134(2) attach to a given case. It is only after this central dispute is settled that more factually complex jurisdiction inquiries can be litigated with certainty before Indian courts.

The Ultra Home modifications to IPRS have, in my view, made a bad situation worse. While IPRS would still predominate in case of a conflict, the time in hand to restore it – and the law under Sections 62(2)/134(2) – to its intended objective is dwindling with each Indian court that approves Ultra Home from this point forward. Reconsideration of this conundrum by the Courts would be extremely welcome, and is long overdue.

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91 Per contra, Mr. Justice Endlaw in March 2017’s Radico Khaitan felt it altogether unnecessary to discuss IPRS in view of the Ultra Home appeals decision. This prompts the staggering but entirely valid conclusion that Ultra Home, a little more than a year into its tenure, is now actively substituting for IPRS as the last word on Section 62(2)/134(2) jurisdiction in Delhi courts. Radico Khaitan v. Nakshatra Distilleries and Breweries, (2017) 70 P.T.C. 316 (Del.) ¶ 11.
IMPLEMENTING A SUI GENERIS REGIME FOR GRANTING COLLECTIVE RIGHTS TO
LEGITIMATE HOLDERS OF TRADITIONAL KNOWLEDGE IN ECUADOR

Catalina Vera Moscoso*

I. Introduction

Ecuador has one of the most diverse biological and ecological regions of the world containing a
variety of special ecosystems, microclimates, biodiversity and Traditional Knowledge systems
('TK'). However, the protection of this TK was scarcely known and there were clearly no
defined guidelines for the same. This resulted in problems in assigning property rights, which
in turn created a loss of that biodiversity and its associated traditional practices.

Indigenous communities and small-scale farmers were not as aware as other agents of the
potential and real value of their knowledge in relation to the use of the biodiversity. When
analyzing the protection of TK, due consideration must be given to understanding this
economic phenomenon as information asymmetry.

This lack of awareness resulted in high profile cases of bio-piracy in Ecuador, as the Ayahuasca
case. The Amazonian plant Ayahuasca or Yagé, (Banisteriopsis caapi), has been used by

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1 World Intellectual Property Organization affirms that there is not yet an accepted definition of TK, but in
international debate, “traditional knowledge” in the narrow sense refers to knowledge as such, in particular the
knowledge resulting from intellectual activity in a traditional context, and includes know-how, practices, skills,
and innovations. Traditional knowledge can be found in a wide variety of contexts, including: agricultural
knowledge; scientific knowledge; technical knowledge; ecological knowledge; medicinal knowledge, including
related medicines and remedies; and biodiversity-related knowledge, etc.

2 Manuel Ruiz Muller, Regulating Bioprospecting and Protecting Indigenous Peoples’ Knowledge in the Andean
Community: Decision 391 and Its Overall Impacts in The Region, Protecting and Promoting Traditional Knowledge:

3 Ramon L. Espinel, Multifunctionality in peasant agriculture: a means of insertion into globalization (2015),

4 In economics and contract theory, information asymmetry deals with the study of decisions in transactions
where one party has more or better information than the other.
Shamans to prepare a traditional drink during their healing ceremonies and as a part of religious and spiritual ceremonies to achieve trance states. In November 1986, the United States Patent and Trademark Office (USPTO) granted the plant patent No. 5751 to Mr. Loren Miller, representative of the International Plant Medicine Corporation who claimed rights over a variety of *B. caapi* that he dubbed Da Vine.

By March 1999, the Coalition for Amazonian Peoples and their Environment (‘Amazon Coalition’) and the Coordinating Body of Indigenous Organizations of the Amazon Basin (‘COICA’) filled for re-examination of the patent. The patent was removed as the same variety was found in a Museum, but in 2001 Mr. Miller, who provided new evidence, was granted the patent back. Amazonian peoples unsuccessfully pursued legal efforts till 2003, when the patent protection expired. This case highlights the importance of searching for strategies to address the status quo i.e. information asymmetry and to protect such knowledge from unauthorized use.

On 9th December 2016, the Ecuadorian National Assembly approved the *Código Orgánico de Economía Social del Conocimiento e Innovación – Código INGENIOS* draft by the Secretaría de Educación Superior, Ciencia, Tecnología e Innovación (SENESCYT). This Code includes the mandate for the protection of TK constituting the implementation of a Sui Generis Regime.

## II. Legal Background

In a broader context, Ecuador forms part of the Andean Community, which has full and up-to-date provisions on Intellectual Property (‘IP’) including:

- Decision No. 345- Establishing the Common Regime on the Protection of the Rights of Breeders of New Plant Varieties, which constituted the first legal

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6 Comunidad Andina (in English: Andean Community) is an organization of trade, economic, social and cultural integration which gathers four countries: Bolivia, Colombia, Ecuador and Peru. The Andean integration process began with the signing of the Cartagena Agreement on May in 1969. The objectives of this agreement are “to promote the balanced and harmonious development of the Member Countries under equitable conditions, through economic and social integration and cooperation; to accelerate their growth and the rate of creation of employment; to facilitate their participation in the process of regional integration, looking ahead toward the gradual formation of a Latin American Common Market” as is stated in the Article 1 of the Acuerdo de Integracion Subregional Andino.
reference to protect breeders’ creations in accordance with the UPOV convention and Bio Diversity Convention.

- Decision No. 351 Establishing the Common Provisions on Copyright and Neighboring Rights in accordance with Berne Convention.
- Decision No. 391 Establishing the Common Regime on Access to Genetic Resources, adopted in 1996, which was one of the first access and benefit-sharing laws recognizing indigenous and local communities’ rights to decide about their know-how, innovations and the traditional practices associated with their genetic resources, and;
- Decision No. 486 Establishing the Common Industrial Property Regime, adopted in 2000, which recognizes the safeguarding and respecting to protection that should be granted to the biological and genetic heritage, together with the traditional knowledge of indigenous, African American, or local communities in the process of granting patents or inventions.

In accordance with this framework, a law of IP (consolidated in 2006) was implemented in Ecuador from 1998 until 9 December 2016. This IP law contained a brief and explicit reference related to Plant Variety Protection whereby the rights of farmers to preserve their traditional practices are defined (Art. 258).

As there were no clearly defined guidelines pertaining to the protection of TK rights in Ecuador, during the last ten years one of the priorities of the Ecuadorian Government was the preservation and protection of their TK. In 2007, a new Constitution was written which is considered as one of the most important precedents towards the recognition of the rights of nature, the protection of biodiversity and the enshrinement of the importance of TK as part of strategy of a shared knowledge economy. This Constitution, accepted by Ecuadorians through a Referendum in September 2008, establishes the rights of individuals to enjoy the benefits and applications of scientific progress and ancestral knowledge (Art. 25). Of particular importance is an entire chapter devoted to the recognition of the rights of communities, individuals and nations whereby their right to freely uphold develop and strengthen their TK in accordance

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8 Supra note 2.
with the Convention on Biological Diversity (‘CBD’), but also mandates that all forms of appropriation of their knowledge, innovations, and practices is forbidden as well as the granting of rights to byproducts or synthetics obtained from collective knowledge associated with national biodiversity (Art. 402).

III. Protection and Recuperation of TK in Ecuador

The World Intellectual Property Organization (‘WIPO’) has recognized that there exists a need to clearly assess how IP interfaces with development in different socio-economic contexts.\(^{10}\) It is against this background that the need to examine the efficacy of IP legislation and its use in best serving the people who’s TK it seeks to protect should be examined.

a) Theoretical Framework About TK and IP Tools

Extensive literature (Correa, 2001; Cottier and Panizzon, 2004; Caldas, 2004; Hansen, 2007) can be found about recommended approaches (i.e. use of standard forms of IP, unfair competition or Sui Generis Systems) as solutions for the protection of TK in the developing world.\(^{11}\) However, the effectiveness of these systems has hardly been tested and the determinant of success or failure of them has arisen from prior experiences in the developed world.\(^{12}\)

García-Bermejo advocates for the recognition of the effectiveness of protection through the voluntary and direct commercial exchange between the TK holders and outsiders of their community.\(^{13}\) In this scenario, the holders of the TK will be involved in the productive and commercial processes and the effectiveness – in an economic sense – will be given by the market conditions and the capacity of the holders to satisfy such conditions.

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Due to the characteristics of the products and services that are usually offered by the TK holders, the recommendations to use distinctive signs such as Collective Marks, Certification Marks and, in particular, Geographical Indications ('GIs') is not new (Panizzon, 2006; Gopalakrishnan, 2007; Bramley, 2011). The well-known and primary objective of Geographical Indications is to create, in the mind of the consumer, a direct relationship between the origin of a product and a particular quality according the standards established by the producers and controlled by the entities created for this purpose. As Escobar et al (2012) concludes, these standards are often traditional practices that contribute to the conservation of the diversity of the local resources, preserving the traditions, strengthening the local organization, fighting against rural exodus and offering a wider range of products to consumers. However, there is a lack of evidence relating to the extent of the actual benefits of these distinctive signs when protecting and preserving TK in developing countries.

**b) Previous Interactions with Intellectual Property System for Protection and Recuperation of TK**

Some of the initiatives in which the Ecuadorian government – under the umbrella of a Constitution – was involved and relate to the protection and recuperation of TK are:

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14 I will use the expression “Geographical Indications” to refer both to Appellations of Origin and Indications of Source; Several researches explain the rationale for the legal protection of GIs; Dr Dwijen Rangnekar in 2004 analyses clearly how consumers protects themselves from information asymmetry using various distinctive signs as markers of quality and reputation. These distinctive signs can acquire a high reputation and commercial value.


• The Co-ordination of Traditional Knowledge by the National Secretary of Science and Technology (‘SENESCYT’) ran four programs for the recuperation and development of TK; one of them focused on health practices among the rainforest communities packaged in the form of a series of books. It was also foreseen the uses of local flora and availability of ancestral medicine in the public health system as an alternative to the medicine procured through the pharmaceutical industry, a project that has not been implemented.\(^\text{18}\)

• In the Coastal region, a recent case has been the use of the Appellation of Origin “Sombrero de Montecristi” for the protection of the straw and the ancestral knowledge involved in the production of straw hats (incorrectly recognized worldwide as “Panama Hats”) which will be explained in further detail.

• In the Ecuadorian highlands, Instituto Ecuatoriano de la Propiedad Intelectual (‘IEPI’) was involved in a pilot project to register genetic resources associated with traditional knowledge of the Tsáchila tribe and plans to commence the same work with other indigenous communities as well as the registration of Trademarks and Appellations of Origin of traditional clothing styles, cultural expressions, dances, and crafts of several indigenous groups.\(^\text{19}\)

• As ALMEIDA (2005) asserts, Amazonian Indigenous communities have been reluctant to share their knowledge due to a lack of mechanisms of economic compensation and for the extractive approaches involved with that “sharing” process.\(^\text{20}\) In keeping with this position, various indigenous and local groups participated in an experimental project to protect their traditional knowledge as trade secret, in conjunction with the assessment of an NGO.\(^\text{21}\)

• The I Cumbre Regional Amazónica Saberes Ancestrales, Pueblos y Vida Plena en Armonía con los Bosques and the Mandate of Manaus in 2011\(^\text{22}\) stressed again the

\(^{18}\) Herrera, R. And Inés, M. (2014), SENESCYT.


demands of indigenous people of the Amazonas River Basin to demarcate and
guarantee the legal security of indigenous territories and protection, respect and
no commercialization of their traditional knowledge which makes clear their
position in favour of the secrecy of their TK.

c) The Case of the Use of the Appellation of Origin “Sombreros de Montecristi” to
Protect TK in Ecuador

Under the threshold of the Agreement on Trade-Related Aspects of Intellectual Property Rights
(‘TRIPS’) and Decision No. 486 of the Comunidad Andina (‘CAN’). Ecuadorian Law grants the
use of “Appellation of Origin” as a special kind of GI. GIs, as defined under Article 22.1 of the
TRIPS Agreement, are indications that identify goods as originating in the territory of a
particular country, or a region or a locality in that country, where a given quality, reputation or
characteristic of the goods are essentially attributable to its geographical origin. It means that
the main objective of these indications is to create in the mind of the consumer a direct
relationship between the origin of a product and a particular quality.

Ecuador has four Appellations of Origin (‘A.O.’) which are: Maní de Transkutukú granted in
2016, Café de Galápagos granted in 2016, Cacao Arriba granted in 2009 and Sombreros de
Montecristi filed in 2005 after the establishment of the Unión de Artesanos de Paja Toquilla de
Montecristi in 1995.

Sombrero de Montecristi has its origin from the Toquilla palm leaf that grows in the warm
coastal lowlands of Ecuador. It was discovered that this palm specie only grows in the coast of
Ecuador, between 100 and 400 meters above sea level in soil rich in salt and calcium, with the
rains, humidity, cool air and in the shadows generated by other plants. The palms are shredded
into fibre straws, sun dried, woven by hand, trimmed and shaped during at least two months

23 Decisión 486: Régimen Común Sobre Propiedad Industrial, LA COMISION DE LA COMUNIDAD ANDINA, available
at http://www.wipo.int/edocs/lexdocs/laws/es/can/can012es.pdf.

24 Supra note 16.
25 K. Medina, Maní de Transkutukú, una denominación de origen con identidad ancestral (2017), GACETA # 631,
INSTITUTO ECUATORIANO DE PROPIEDAD INTELECTUAL, available at http://gaceta.propiedad
intelectual.gob.ec:8180/Gacetas/631/#p=9, pp. 8-11.
26 Eugina Quingaisa and Hernando Riveros, Estudio de Caso: Denominación de Origen “Cacao Arriba” (2007), IICA,
/Santiago/Documentos/Estudios%20de%20caso/Cacao_Ecuador.pdf.
27 Identidad Ecuatoriana en productos propios (2017), Instituto Ecuatoriano de la Propiedad Intelectual, available
at https://www.propiedadintelectual.gob.ec/denominacion-de-origen/.
into what is arguably the finest handmade hat with its origins dating back to the sixteenth century (Toko, 2009; Escobar et al, 2012).²⁸

Since its registration in 2009 until 2011, there were no records of requests made for authorizations of its use, IEPI, in conjunction with Ministry of Productivity and United Nations Industrial Development Organization (UNIDO) were implementing several projects with the aim of strengthening the associative practices and innovation amongst artisans. Currently, 91 artisans have requested for authorization to use the TK, but the impact of IP for the creation of benefits for the TK holders or the preservation of the knowledge has not been highlighted or measured yet. Nevertheless, the Ecuadorian government has expressed its intention to use the same IP tool to protect 10 to 15 products of which, at least two of them are related with TK.

IV. Developing a Sui Generis System to Protect Collective Rights in Ecuador

The development of a specific protection system for TK was considered a priority for a long time not only in Ecuador, but in the whole Andean region. The Andean Community through the Development Bank of Latin America (CAF) became the fora for the indigenous groups to raise the discussion about the protection needed after the gaps found in the Andean Community Decisions.

After 6 years of negotiations, and following the WIPO Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore recommendations,²⁹ Perú was the first country of the region to adopt it in 2002, a Sui Generis Regime with Law No. 27811³⁰ for the protection of collective indigenous knowledge related to biological resources.³¹

This regime to promote the fair and equitable benefit-sharing and recognition of knowledge holders is based on five main strategies as BENGOA (2013) summarizes:

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³¹ Id.
a) Implementation of license agreements between indigenous peoples’ holders of the TK intended to be accessed, and the users;

b) Granting of Prior Informed Consent by the indigenous holders, as an essential requirement for access to TK;

c) Registration of TK in public, confidential and local registries;

d) Implementation of a fund *(Fondo para el Desarrollo de los Pueblos Indígenas)* for the financing of projects and activities that contribute to the integral development of indigenous holders of TK and;

e) Development of compliance and awareness tools.\(^\text{32}\)

With this regional experience and as was mentioned previously, SENESCYT in 2014 presented a new legal framework that was in line with the Constitution accepted by Ecuadorians in 2008: the Organic Code for Social Economy of Knowledge, Creativity and Innovation known as INGENIOS Code *(‘Código Orgánico de Economía Social del Conocimiento, Creatividad e Innovación – Código INGENIOS’)*. The main objective of INGENIOS Code is to regulate the National System of Science, Technology, Innovation and Ancestral Knowledge provided for in the Constitution of the Republic of Ecuador and its articulation mainly with the National Education System, the Higher Education System and the National Culture System, with the aim of establishing a legal framework in which the social economy of knowledge, creativity and innovation is structured.

The INGENIOS Code was approved by the National Assembly on 9 December 2016, aiming for an open knowledge economy that will enhance entrepreneurship and research, granting the rights of creators and the collective rights to the holders of TK.

INGENIOS Code aims for the preservation, further development, and protection against commercial misappropriation of methods, practices, experiences, and tangible as well as intangible cultural expressions that have been developed, updates and transmitted from generation to generation. Those recognized as legitimate holders of this knowledge, i.e.

indigenous communities, peoples and nationalities, the Afro-Ecuadorian people, the Montubio people and the communes legally recognized in the Ecuadorian State.

Adopting the principles of free, prior, informed consent and benefit-sharing, the legitimate holders of TK are granted the rights to authorize the access, use or exploitation of their TK. Once a prior informed consent statement was provided, contracts should be subscribed to establish the terms and conditions, potential uses, fair benefit-sharing terms as well as a sustainability plan for the TK.

In general terms with this code, the Ecuadorian State pursues the application of positive and effective protection of the TK through prevention, monitoring and penalty mechanisms. Moreover, funding is granted with this regime, to promote community controlled registers and to enhance the capabilities to maintain and to do research and development with the TK.

V. Critiques to the Efficacy of a Sui Generis Regime to Protect TK: Lessons Learnt

The regional experience has clearly demonstrated the important role of the State to capture the expectations, interests and conditions of TK holders in the process to draft the terms of protection to be stated through a sui generis regime.

In light of the Peruvian case, the main challenge to overcome is the shared nature of collective knowledge and the complexity to determine the legitimate holders when potential benefits could arise. Scientists have expressed their concerns about how a lack of staff and funds from the regulatory office i.e. INDECOPI has constituted a barrier for research, additionally INDECOPI as a safe keeper of IP in PERU has not increased its capacity in accordance with the responsibilities recommended under Law 27811 which represents a massive challenge yet to be overcome for Peru.33

One of the enabling instruments for the protection with the mentioned Law was the implementation of the Indigenous Peoples Development Fund (Fondo para el Desarrollo de los Pueblos Indígenas)34 financed with 0.5% of the royalties in the event of an agreement with an

33 Id.
34 Manuel Ruiz Muller, Experiences in the Protection of Traditional Knowledge: the Case of Peru (Law 27811), Presentation of Sociedad Peruana de Derecho Ambiental, available at http://www.wipo.int/edocs/mdocs/tk/en/wipo_iptk_ge_15/wipo_iptk_ge_15_presentations_mr_manuel_ruiz.pdf; According to Muller: ‘Trust fund destined to support development projects for indigenous peoples, receiving monies from the public treasury, international cooperation, projects, and set percentage (10% of sales) and benefits negotiated in the case of sale of products derived from TK in the public domain since 1982’.
indigenous community for the commercialization of their TK. Nevertheless, up until July 2016 there was no registry of licenses granted according to reports presented by staff of INDECOPI.35

For the Ecuadorian government, the main challenges to overcome is the lack of a proper structure, budget and expertise; as well as to fix the clash between the Constitution in Article 402: The granting of rights, including intellectual property rights, to byproducts or synthetics obtained from collective knowledge associated with national biodiversity is forbidden and Article 352, which is the open possibility in INGENIOS Code to grant contracts, which means rights, over the access, use and benefiting from the TK.

The Ecuadorian government should analyze the effectiveness of its current strategies and its regime in general in order to rigorously protect and preserve TK while creating benefits for the holders of that knowledge. Specifically, the economic impact directly received by TK holders when IP tools or contracts have been applied must be measured. If this has been done, the next step would be to ascertain whether the use of IP tools or the Sui Generis Regime have enhanced the preservation and transmission of the TK amongst the community of TK holders. Finally, it must be determined whether the entrepreneurial intentions (or the lack thereof) in TK holders and an understanding of the market have had a significant impact to create benefits for them by means of the legal protection of their TK.

VI. Concluding with a Proposal for Policy Makers

In order to meet the expectations of the TK holders and to define a clear path to follow for policy makers, I would like to present some approaches recommended by the experts to develop actions as part of a national strategy:

- Determine the benefits of using IP tools as GIs (Argument for TK holders):

  The Ecuadorian government has expressed its intention to keep using Appellation of Origin to protect products related with TK, in this sense, private companies have traditionally used valuation methods to valuate trademarks and brands, but policymakers could also use it to determine the market importance and economic

impact for stakeholders considering GIs as any other intangible asset, which means that it can be valued and consequently analyzed.

A possible solution when determining the efficacy of IP tools, and specifically GIs, in bringing economic benefits to the TK holders is the adaptation of models to estimate the distribution of benefits among the different stakeholders when using GIs. Xiao et al (2008) modified and applied a two-factor model of agricultural policy to estimate the distribution of benefits from using GIs in a developing country. They used Oolong and Darjeeling teas as examples of application showing that the least elastic element (less sensitive to price changes) in the supply/demand equilibrium received the greatest share of benefits.

Grote points out that evidence on the actual cost of GIs being lesser than net benefits, which Bramley further develops explaining that this lack of information impedes the measure of the increase in the welfare of producer and the impact around rural development. Besides, the later reinforces the fact that the distribution of rents in GI supply chains is a void in empirical studies. According to this situation, the use of the methodology developed by Salazar and Van der Heyden for the Dutch Development Organization (SNV) would be recommended. The methodology allows the analysis of supply chains oriented to the local development. If economic modelling (e.g.: Monte Carlo probabilistic analysis) is not possible due to the lack of data, it will be possible to infer how the benefits are distributed among the stakeholders by the methodology.

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37 Supra note 15.

38 The guide proposes to analyze the productive chains in three major phases: (i) The preliminary phase consists of the preparation carried out by the team. It allows to define the objective of the analysis, select the product of interest, and define the scope of the work; (ii) The central phase includes the gathering, systematization and ordering of information. The team could use several participatory methods to collect information applying tools detailed in the guide to classify this information. The central phase is divided into six thematic blocks (history, environment, actors, relationships / organizations, market, economic and financial analysis) to help organize the information; (iii) The final phase provides the team with practical tools to analyse the information systematized in the previous phase, identify critical points and competitive advantages of the chain and propose concerted strategies promoting the competitiveness of the actors in the productive chains.
indicated above. As the authors of the methodology concluded, visualizing the costs and sales margins, allows analyzing the economic inequities that exist in a supply chain.  

- Determine the Preservation of TK when using IP tools or the *sui generis* regime:

Teuber, after reviewing extensive economic literature related to GIs, asserts that protecting biodiversity, traditional knowhow and authenticity have not been included in theoretical models, and, the empirical evidence from GI case studies is rather inconclusive because of the following reasons:

“...To what extent GI regulation supports issues surrounding the protecting of biodiversity, traditional knowledge, or authenticity still needs to be further analyzed to address the efficiency of GI policy instruments in supporting these goals.”

Bramley points out that according to some researchers, the impact of GIs on TK could be ambiguous and in some instances, has had a negative effect on the preservation of TK due to the pressure for massive production or disclosing details of the practices for control and legal provisions,

“GIs however do not protect TK as such but rather, as explained earlier, the collective reputation of an origin based product. It cannot prevent the appropriation of TK embedded in the GI. It does however, by valorising the products which draw on TK in its production, allow for the TK to be recognized and for the knowledge holders to benefit from its commercialization.”

Anthropology studies realize that indigenous values and practices are based on sharing, in the scenario that the TK holders consent the adoption of an IP tool such as the GI would mean that this form of sharing produces no interference with communities’ own values and customary laws and protocols. Therefore, preservation in this context will measure whether the new generation of the community where the knowledge originated is actively promoting and maintaining the vitality of such knowledge.

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41 Supra note 15.
Methodologies that measure the vitality of the TK through different generations of a community based on interviews and observation could be adapted and used to assess the impact of the IP tool with the aim to preserve the TK. One example of such methodologies is VITEK, as explained by its developers, Stanford & Eglee Zent, VITEK (acronym for ‘Vitality Index of Traditional Environmental Knowledge’), rates the vitality status of TEK (i.e. inferable trends of retention or loss over time) within selected groups and allow for relative comparisons of that status among groups at various levels of inclusiveness.\(^{42}\)

- Establish the structures to develop Inclusive Business Models:

One of the most important advances in the development of business models is the recognition of the empowerment of low-income communities (base of Pyramid) and their need to benefit from market conditions and activities. In this context, several organizations enhanced a model, which is called ‘INCLUSIVE BUSINESS’ that refers to the ‘inclusion of people living in poverty into business process along the value chain’. This new model of doing business has been used by the alliance between the World Business Council for Sustainable Development (‘WBCSD’), the Dutch Development Organization (‘SNV’) and the United Nations Development Programme (‘UNDP’) within the “Growing Inclusive Markets Initiative”.\(^{43}\)

Inclusive Business Models could be draft for products or services related / based on TK with the aim to create benefits for the holders of that knowledge. The Inclusive Business Model proposal aims to develop a tool to be used by policymakers in making decisions to optimize scarce resources and reduce poverty referred to as a lack of access to productive resources, markets, employment opportunities and basic services.

Evidence has shown that the inclusive business can make a significant contribution to the fight against poverty. Local populations could benefit as basic needs are provided,

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the access to services makes life more efficient, jobs are created, income increases and new business opportunities are built.

In light of the above, Ecuadorian government has a duty to establish a proper administrative structure (human and physical) to implement the operation of a *Sui generis* Regime that enhances the use of contract agreements to create benefits from the collective knowledge or IP tools. When this happens, a system based on the entrepreneurial intentions of the TK holders in the context of a market driven economy will be implemented.
Intellectual property litigation, especially litigation involving trademarks and copyrights, is highly concentrated in a few courts in India. The Delhi High Court is widely recognized amongst practitioners as the court with maximum number of intellectual property cases in the country. In fact, in tacit recognition of this fact, the Supreme Court recently registered a suo motu writ petition\(^1\) in which it directed the Judges of the Delhi High Court “to work out ways and means for effective disposal of the IPR matters before it so that a model for disposal of civil suits can be culled out from the ways and means adopted by the Delhi High Court which can form the basis of an uniform action plan for the rest of the country.”

There are several reasons that some Courts such as the Delhi High Court became a hub for intellectual property litigation in India. The ones which have played the most important role, according to us, are listed below:

Trademark and copyright litigation was long considered ‘luxury litigation’, especially when large parties were involved in the dispute. While many will disagree with this characterization, it can be said that intellectual property litigation, especially enforcement of copyrights and trademarks, may have certain features which led to this understanding of such litigation—such litigation is usually commercial in nature and more often than not, involves at least one large player, which is usually the plaintiff/ right holder. These large corporations typically have their corporate and legal offices in the metropolitan cities. Similarly, foreign corporations usually hire law firms in big cities such as New Delhi and Mumbai. Thus, often such companies find it convenient to litigate in such cities where their offices or the law firms’ offices are located.

Relatively speaking, Indian courts were exposed to high volume intellectual property litigation not too long ago. The newness of these laws, coupled with the facts that there was not enough awareness about the value and importance of intellectual property in India to begin with and

\(^1\) See Order dated August 16, 2017 in M/s AZ Tech (India) & Anr. v. M/s Intex Technologies (India) Ltd. and Anr., SLP (c) No. 18892 of 2017 and In Re: Case Management of Original Suits, Suo Motu Writ Petition (Civil) No. 8 of 2017 pending before the Supreme Court of India.

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the fortuitous presence of lawyers who regularly practiced the subject and developed an expertise in the same, is likely the reason that only a few courts emerged as experts in this field in India.

Over time and largely owing to delays caused during trial, right holders started looking at interim relief in the form of interlocutory injunctions as the most important result in the litigation. However, the practice regarding grant of *ex-parte* and interim injunctions was far from uniform across Courts with certain Courts taking a firm view that not only interim injunctions, but even *ex – parte* injunctions, are crucial in intellectual property cases. There are other Courts which have orally remarked that it would be inappropriate to pass *ex-parte* orders except in the most extraordinary cases. Again, this factor has channeled the traffic of intellectual property litigation in favour of some courts over others.

Therefore, invoking the jurisdiction of such courts has become an increasingly important consideration for right holders while enforcing their rights.

A trademark or copyright owner is aided greatly in deciding a forum for litigation by the *long arm jurisdiction* provisions in the Copyright Act, 1957 (Copyright Act) and the Trade Marks Act, 1999 (Trade Marks Act). As we will see later, these provisions are in addition to Section 20 of the Code of Civil Procedure, 1908 (CPC). The above long arm provisions, and manner in which they have been interpreted over the years, especially by the Supreme Court in 2015 in the decision of *Indian Performing Rights Society Ltd. v. Sanjay Dalia and Anr.* ² (‘*IPRS decision*’) are the centerpiece of this article. In part one of the article, we chart through the regime that existed before the *IPRS* decision of the Supreme Court. We then discuss this decision which is one of the most important decisions in this field. Part three is devoted to the aftermath of the *IPRS* decision and we conclude with our recommendations on the way forward.

**I. The pre-IPRS v. Sanjay Dalia world:**

First, let’s examine the statutory provisions. Section 62 (2) of the Copyright Act and Section 134(2) of the Trade Marks Act provide long arm jurisdiction to courts in cases of copyright and trademark infringement. These provisions are *pari materia*.

Section 62 of the Copyright Act is extracted below:

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“(1) Every suit or other civil proceeding arising under this Chapter in respect of the infringement of copyright in any work or the infringement of any other right conferred by this Act shall be instituted in the district court having jurisdiction.

(2) For the purpose of sub-section (1), a “district court having jurisdiction” shall, notwithstanding anything contained in the Code of Civil Procedure, 1908 (5 of 1908), or any other law for the time being in force, include a district court within the local limits of whose jurisdiction, at the time of the institution of the suit or other proceeding, the person instituting the suit or other proceeding or, where there are more than one such persons, any of them actually and voluntarily resides or carries on business or personally works for gain.”

Sections 62(2) of the Copyright Act and 134(2) of the Trademarks Act begin with ‘non-obstante’ clauses with respect to the CPC. A non-obstante clause is "generally appended to a section with a view to give the enacting part of the section, in case of conflict, an overriding effect over the provisions of the same or other Act mentioned in the non-obstante clause." Sections 62 and 134 should, ordinarily, apply notwithstanding anything to the contrary in the CPC. The relevant provision of the CPC under which jurisdiction is normally claimed in intellectual property disputes is Section 20.

Section 20 of the CPC is extracted below:

“20. Other suits to be instituted where defendants reside or cause of action arises.—Subject to the limitations aforesaid, every suit shall be instituted in a Court within the local limits of whose jurisdiction-

(a) the defendant, or each of the defendants where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain; or

(b) any of the defendants, where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain, provided that in such case either the leave of the Court is given, or the defendants who do not reside, or carry on business, or personally work for gain, as aforesaid, acquiesce in such institution; or

(c) the cause of action, wholly or in part, arises.

Explanation — A corporation shall be deemed to carry on business at its sole or principal office in India or, in respect of any cause of action arising at any place where it has also a subordinate office, at such place.” (emphasis supplied)

An interesting discussion on Section 134 is found in the Lok Sabha Debate on the Trade Marks Bill, 1999. The then minister of Commerce and Industry, Shri Murasoli Maran had defended Section 134 with the following argument:

“Regarding clause 134, the law seeks to protect the honest trader and will be beneficial to the petty trader honestly doing his trade on the basis of a registered trademark. That is the intention, if it is not, we will come here with an amendment.”

The first Supreme Court decision that interpreted Section 62 of the Copyright Act or Section 134 of the Trade Marks Act was the Exphar decision in 2004 (‘Exphar’). In Exphar, the Supreme Court laid emphasis on the word ‘include’ used in Section 62 and held that Section 62 provides grounds for claiming jurisdiction which are in addition to those provided in the CPC.

The Supreme Court relied on the Parliamentary Joint Committee report dated 23 November, 1956 which provides the basis for Section 62. This committee had opined that “many authors are deterred from instituting infringement proceedings because the court in which such proceedings are to be instituted is situated at a considerable distance from the place of their ordinary residence. The Committee feels that this impediment should be removed and the new sub-clause (2) accordingly provides that infringement proceedings may be instituted in the District Court within the local limits of whose jurisdiction the person instituting the proceedings ordinarily resides, carries on business etc.”

The interpretation of the phrase ‘carries on business’ as appearing in Section 62(2) of the Copyright Act and Section 134(2) of the Trade Marks Act fell for consideration of the Supreme Court in the Dhodha House case. It first distinguished ‘carries on business’ from ‘personally

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4 Statement by Minister of Commerce and Industry, Mr. Murasoli Maran, Statement Regarding Trademarks Bill, 1999, Lok Sabha (22/12/1999).
works for gain’, implying that presence of a man at a place is required for ‘personally works for gain’. On the other hand, business may be carried on through an agent/ manager/ servant.

The Court held that three conditions should be satisfied for holding that an entity is carrying on business at a place, namely:

a) The agent is an exclusive agent. Therefore, mere sale of goods at a place through a general retailer is insufficient to constitute ‘carrying on business’;

b) The person acting as an agent must be an agent in the strict sense of the term. The court explained that the manager of a joint Hindu Family is not an agent for the purpose of this condition.

c) An essential part of the business must take place at that place.

As we will see later, the explanation to Section 20, CPC has played an important role in the interpretation of Sections 62(2) of the Copyright Act and 134(2) of the Trade Marks Act as explained in later sections of this article. For this reason, we need to discuss the interpretation adopted by the Supreme Court for the explanation to Section 20 in Patel Roadways Limited, Bombay v. Prasad Trading Company (‘Patel Roadways’).  

In Patel Roadways, the Supreme Court interpreted the word ‘or’ appearing in the explanation to Section 20 (emboldened and underlined in the above reproduction of the Section) as a disjunctive ‘or’ i.e. according to the Supreme Court either the first part of the explanation applies in a given case or the second. If the second part of the explanation applies, the first is excluded. Therefore, a corporation, which includes a company, is deemed to carry on business under Section 20(a) either at its sole or principal office or, if there is an overlap of cause of action and the corporation’s subordinate office, then only at such place where this overlap exists. In other words, overlap of cause of action and subordinate office ousts the principal office of a corporation as a place of suing.

The Supreme Court justified this interpretation of the explanation to Section 20 of the CPC on two arguments. Firstly, that had the legislature intended a corporation to carry on business at both sole/ principal office and at the place of overlap of cause of action and subordinate office, it would have explicitly stated so like it did in the old explanation I to Section 20 of the CPC.  

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9 The old Explanation I to Section 20, CPC was deleted in 1976 and provided as follows:
According to the Supreme Court, the difference in the language of the two explanations was dispositive of the legislative intention. Secondly, if the ‘or’ in the explanation was not read disjunctively, then the second part of the explanation, i.e. overlap between cause of action and subordinate office, would be rendered otiose since a suit can always be brought where the cause of action arises.

In 2008, an attempt to limit the scope of Sections 62 and 134 in terms of the explanation to Section 20, CPC and Letters Patent (Madras) was made before the Madras High Court in *Wipro Limited v. Oushadha Chandrika Ayurvedic India (P) Limited*. The Madras High Court held that since the provisions of Section 20, CPC did not apply to the Madras High Court in light of the Letters Patent (Madras), the explanation to Section 20, CPC was inapplicable before the Madras High Court. Further, the court held that since Sections 62 of the Copyright Act and 134 of the Trade Marks Act had a non-obstante clause, these provisions were not limited by Letters Patent (Madras).

Thus the interpretation of Sections 62(2) of the Copyright Act and Section 134(2) of the Trade Marks in the pre – IPRS v Sanjay Dalia world was largely in favour of the Plaintiffs/ right holders. The Exphar decision coupled with the Dhodha House decision meant that Plaintiffs could approach Courts at any place where they had an exclusive agent or a subordinate office carrying on an essential part of the Plaintiff's business, even if no cause of action arose at such a place. The Explanation to Section 20 and the interpretation accorded to it in the *Patel Roadways* decision was not applied to interpret the phrase ‘carries on business’ in Section 62(2) of the Copyright Act and Section 134(2) of the Trade Marks Act.

**II. The change brought about by IPRS v Sanjay Dalia**

As became evident from the events that followed, the Supreme Court’s IPRS decision is a watershed moment in the development of jurisprudence pertaining to jurisdiction of intellectual property cases.

To better understand the import of the Supreme Court’s decision, it is important to first appreciate the facts of this case: the Plaintiff, Indian Performing Rights Society (‘IPRS’), is a collecting society that collects royalties for use of copyrighted works on behalf of its members.

*Where a person has a permanent dwelling at one place and also temporary residence at another place, he shall be deemed to reside at both places in respect of any cause of action arising at the place where he has such temporary residence*.10 *Wipro Limited v. Oushadha Chandrika Ayurvedic India Pvt. Ltd.*, 2008-2-L.W. 430.
The main answering Defendant, Cineline Cinemas (‘Cineline’) was in the field of cinema exhibition and operated 33 screens. The Plaintiff claimed that the Defendant was communicating to the public/ publicly performing literary and/ or musical works from the plaintiff’s repertoire of works and this amounted to infringement of copyright. Accordingly IPRS filed suit against Cineline before the High Court of Delhi seeking an injunction and damages.\textsuperscript{11}

Now, let’s examine the facts that were relevant for determination of the question of territorial jurisdiction: IPRS had its principal office in Mumbai\textsuperscript{12} and a branch office in New Delhi. The main answering Defendant, Cineline Cinemas, had its principal office in Mumbai. Further, the Defendant pointed out that all its cinemas were in Maharashtra/ Mumbai\textsuperscript{13}. The agreements between the members of IPRS and IPRS were signed in Mumbai. The notices sent by IPRS to Cineline were signed in Mumbai. Accordingly, as per the Defendant, the entire cause of action arose in Mumbai.\textsuperscript{14}

IPRS claimed that the Delhi High Court had territorial jurisdiction to try the suit by placing reliance on Section 62(2) of the Copyright Act. IPRS stated that its branch office was located in Delhi and accordingly, it was carrying on business within the meaning of Section 62(2) of the Copyright Act in Delhi. Cineline objected to the territorial jurisdiction of the Court. It argued that the expression ‘carrying on business’ under the said Section must be interpreted in the same way under the said Section as it is under the Explanation to Section 20 of the CPC. Under the Explanation, mere presence for a branch office at a particular place is insufficient to invoke the jurisdiction of the Court in that place under Section 20(a) of the CPC unless the cause of action also arises at that place. It thus argued that mere presence of IPRS’s branch office in Delhi is not sufficient to satisfy the test of ‘carries on business’ under Section 62(2) of the Copyright Act since no part of the cause of action has arisen in Delhi. IPRS argued that Section 62(2) was intended to provide an additional forum to the Plaintiff. In particular, it relied upon the non-obstante clause appearing in Section 62(2) to argue that the said Section should not be fettered in any way by the CPC and the Section must be given its full meaning.

\textsuperscript{11} Indian Performing Rights Society Ltd. v. Sanjay Dalia & Anr., (143) 2007 DLT 617.
\textsuperscript{12} Id.
\textsuperscript{13} Id.
\textsuperscript{14} Id.
The Single Judge of the Delhi High Court agreed with the Defendants’ arguments. The Learned Judge found that stated Section 62(2) provides an additional forum and removes the fetter of the Plaintiff having to sue at a place where the Defendant carries on business/voluntarily resides/personally works for gain and allows the Plaintiff to file at a place where it itself carries on business/voluntarily resides/personally works for gain. However, he found that the Explanation to Section 20 is party–‘neutral’ and thus could be applied for interpreting the expression ‘carries on business’ with reference to a Plaintiff who invokes Section 62(2) of the Copyright Act. Since IPRS only had a branch office in Delhi and no cause of action arose in Delhi, the Court found that IPRS could not be deemed to carry on business in Delhi. Accordingly, it could not invoke Section 62(2) of the Copyright Act and the plaint was accordingly returned.

IPRS appealed to the Division Bench of the Delhi High Court. The Division Bench took the view that Section 62(2) of the Copyright Act and Section 134(2) of the Trademarks Act must be given a ‘pragmatic interpretation’. The Court found that the purpose of these Sections is to enable the Plaintiff to “initiate litigation at a forum conveniens to it”; it was not to enable it to choose a territorial forum which is not convenient to either of the parties. The Court held that it could not have been the intention of the legislature to enable the Plaintiff to choose a place of suing based on the inconvenience caused to the Defendant. The Court agreed the Single Judge’s logic that a Plaintiff corporation would be deemed to carry on business at the place of its branch office only if a cause of action arose at such a place. Accordingly, it dismissed the appeal.

IPRS appealed to the Supreme Court, which while issuing notice on the appeal granted a stay of the order of the Division Bench. The matter thereafter came up for final hearing in the year 2015 and was finally decided on July 1, 2015. The Court focussed on the object and intent of Section 62(2) of the Copyright Act which was to enable the authors to file a suit at a place of their convenience and to remove the impediment of the author having to litigate at a place where it did not have an ordinary residence or principal place of business. The Court however was of the view that the provision must be interpreted purposively and that this right must be

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15 Id., ¶ 13.
17 Id., ¶ 7.
read subject to certain restrictions to ensure that the same is not abused by the Plaintiff by filing in an unconnected jurisdiction. The Court held that it was not the intention of the legislature that the plaintiff instead of instituting a suit at a place where it is carrying on business and where the cause of action too has arisen, drags the defendant to the place of a subordinate office where no cause of action has arisen. Thus, the Court read into Section 62(2) of the Copyright Act and Section 134(2) of the Trademarks Act a restriction that in case the plaintiff is carrying on business at a particular place and the cause of action has also arisen at such place, the plaintiff cannot ‘ignore’ such a place and claim jurisdiction on the basis of the existence of a branch office in a far-flung place. The Supreme Court did not expressly import the explanation to Section 20 into Section 62(2) of the Copyright Act and Section 134(2) of the Trademarks Act; rather, it created an exclusion from the scope of these Sections based on its interpretation of the legislative intent and with an intent to prevent an abuse of these provisions (this abuse is also referred to by the Court as ‘counter mischief’). The Court’s concern regarding abuse of these provisions is exemplified by the situation contemplated by the Court in the following manner:

“There may be a case where plaintiff is carrying on the business at Mumbai and cause of action has arisen in Mumbai. Plaintiff is having branch offices at Kanyakumari and also at Port Blair, if interpretation suggested by appellants is acceptable, mischief may be caused by such plaintiff to drag a defendant to Port Blair or Kanyakumari. The provisions cannot be interpreted in the said manner devoid of the object of the Act.”

Based on the aforesaid reasoning, the Court dismissed the appeal.

III. The aftermath of IPRS

Most practitioners agree that the IPRS decision is a paradigm shift in the manner in which jurisdiction is viewed in intellectual property cases. This was not only the result of the IPRS decision itself but also several decisions of different High Courts that have followed. The IPRS decision however certainly put the issue of jurisdiction into limelight and Judges started to closely examine and re-look at previously well-accepted interpretations of Section 62(2) of the

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18 Supra note 4, at 18.
19 Id., ¶ 26.
Copyright Act and Section 134(2) of the Trademarks Act. This section will examine the key decisions that followed the IPRS decision.

Ultra Homes Construction v Puroshottam Kumar Chaubey

The facts leading to the dispute were as under: The Plaintiff is a construction and development company which operates hotels and other residential and commercial buildings under the trademark AMRAPALI. The Defendant was using the mark AMBAPALI GREEN with respect to its residential project and accordingly the Plaintiff filed a suit for, *inter alia*, infringement of trademark. The Plaintiffs' registered office was located in Delhi and it also had several exclusive agents in Delhi. The Plaintiff was operating a hotel in Deogarh, Jharkhand. The Defendant had launched its residential project in the same district i.e. Deogarh, Jharkhand. Thus, the cause of action had arisen in Deogarh Jharkhand. The Plaintiff invoked the jurisdiction of the Delhi High Court by relying on (i) Section 134 (2) of the Trademarks Act and (ii) Section 62(2) of the Copyright Act and (iii) the Code of Civil Procedure since (i) its registered office, (ii) exclusive agents were located within the territory of Delhi and (iii) it had extensive goodwill and reputation in Delhi.

A single Judge of the Delhi High Court dismissed the suit by applying the Supreme Court's IPRS decision. The Single Judge took the view that since the Plaintiff was carrying on business in Jharkhand (through its hotel) and the cause of action had arisen in Jharkhand, the Plaintiff was required to sue the Defendant in Deogarh, Jharkhand and the Delhi High Court lacked jurisdiction to try the suit. On appeal, the Division Bench upheld the decision of the Learned Single Judge. The Division Bench, on a reading of the IPRS decision, took the view that the Supreme Court had read the Explanation to Section 20 into Section 134(2) of the Trademarks Act and Section 62(2) of the Copyright Act. Thus, according to the Division Bench, the expression carrying on business as appearing in these Sections would also be interpreted in the same way as the Explanation to Section 20; according to the Division Bench, the interpretation placed upon the Explanation by *Patel Roadways* would also equally apply to these Sections. In this backdrop, the Division Bench contemplated four situations:

i. Where the Plaintiff has a sole office at one place and the cause of action has arisen at another place, the Plaintiff may sue at the place of its sole office.

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21 *Supra* note 4.
ii. Where the Plaintiff has a principal office at one place and the cause of action has arisen at that place, the Plaintiff may only sue at the place of its principal office and it would not be entitled to sue at the place of its subordinate office.

iii. Where the Plaintiff has a principal office at one place and a subordinate office at another place and the cause of action has arisen at the place of the subordinate office, the Plaintiff can only file the suit at the place of its subordinate and not at the place of its principal place of business.

iv. Where the Plaintiff has a principal office at one place and a subordinate office at another place and the cause of action has arisen at a third place, the Plaintiff can sue only at the place of the principal office and not at the place of the subordinate office.

Let’s exemplify each of these situations:

(i) The Plaintiff has a sole office in Delhi and the cause of action arises in Mumbai. As per *Ultra Homes*, the Plaintiff can file a suit in Delhi based on Section 134(2) of the Trademark Act or Section 62(2) of the Copyright Act, 1957.

(ii) The Plaintiff has its principal office in Kolkata and the cause of action has also arisen in Kolkata. The Plaintiff also has a subordinate office in Delhi. The Plaintiff can file a suit in Kolkata but not in Delhi based on Section 134(2) of the Trademark Act or Section 62(2) of the Copyright Act, 1957. This situation mirrors the facts of the IPRS decision.

(iii) The Plaintiff has its principal office in Gurgaon, Haryana and the cause of action has arisen in Mumbai. The Plaintiff also has a subordinate office in Mumbai. According to *Ultra Homes*, the Plaintiff may only file a suit in Mumbai since both the cause of action and the subordinate office are located there and cannot file in the relevant district in Haryana.

(iv) The Plaintiff has its principal office in Gurgaon, Haryana and a subordinate office in Mumbai. The cause of action has arisen in Delhi. The Plaintiff can sue only in the District Court in Gurgaon and cannot sue in Mumbai based on Section 134(2) of the Trademark Act or Section 62(2) of the Copyright Act, 1957.

It is important to remember that Section 134(2) of the Trademark Act or Section 62(2) of the Copyright Act, 1957 provide an additional forum for invoking jurisdiction and in all the above examples, the Plaintiff can sue at the places where the cause of action has arisen under Section 20(c) of the CPC and at the place where the Defendant carries on business, personally works for gain or voluntarily resides under Section 20(a)/20(b) of the CPC.
The *Ultra Homes* decision has had a significant impact on subsequent decisions on jurisdiction in the Delhi High Court and it has been cited in at least 11\textsuperscript{22} reported decisions in a short span of 22 months (from January, 2016 to October, 2017). Notably, the different situations contemplated in Ultra Homes have provided valuable guidance to Courts, particularly the Delhi High Court.

**The Manugraph case and the Hindustan Unilever cases**

However, some of the other High Courts have struck a discordant note. The most notable of the decisions from other Courts is the decision of the Bombay High Court in *Manugraph India Ltd. v. Simarq Technologies Pvt. Ltd*\textsuperscript{23}. In this case, the registered office of the Plaintiffs was located in Mumbai; they also had a branch (subordinate) office in Delhi. According to the Defendants, the cause of action had arisen in Delhi. The Defendants contended that since the Plaintiff had a subordinate office in Delhi and the cause of action had also arisen there, the Plaintiff could not sue at Mumbai, where its principal office was located. The Bombay High Court rejected this contention. In the Court's view, the Supreme Court's decision never intended to oust the jurisdiction of the place where the Plaintiff has its principal place of business. It specifically referred to the 'mischief' that the Supreme Court intended to obviate in the *IPRS* decision; it then found that the Supreme Court only intended to deal with this 'patent mischief' i.e. Plaintiff filing suit in remote locations only because they have branch offices there, although the Defendants were at another location, the cause of action had arisen at another location and the plaintiffs themselves had their own office at that location. The Bombay High Court specifically disagreed with the Delhi High Court's decision in the *Ultra Homes* case. According to the Bombay High Court, the Delhi High Court erred in finding that the explanation to Section 20 had been 'read into' Sections 134(2) of the Trademarks Act and Section 62(2) of the Copyright Act.

\textsuperscript{22} *Allied Blenders and Distillers Pvt. Ltd. v. Prag Distillery Pvt. Ltd*, 2017 (70) PTC 1 (Del); *Microsoft Corporation v. Rajesh Kumar and Ors.*, 2017 (72) PTC 474 (Del); *Radico Khaitan v. Nakshatra Distilleries and Breweries Ltd.*, 2017 (70) PTC 316 (Del); *See Allied Blenders and Distillers Pvt. Ltd. v. Prag Distillery Pvt. Ltd.*, 2017 (70) PTC 1 (Del); *HSIL Ltd. v. Marvel Ceramics and Ors.*, 2017 (69) PTC 514 (Del); *Moserbaer India Ltd. v. Modern Cinema, Civil Suit (OS) No. 324 of 2008 before the High Court of Delhi.*

Two other High Courts, namely the Madras High Court and the Calcutta High Court have also taken a divergent view to the Ultra Homes decision. However, their basis for taking a different view was peculiar; they found that since these Courts are Charter Courts and are governed by their respective Letters Patent statutes. Since their respective Letters Patent Statutes do not contain any provision analogous to the Explanation to Section 20, the Explanation could also not be used for interpreting Section 62(2) of the Copyright Act and Section 134(2) of the Trademark Act. Interestingly, the Calcutta High Court categorically held that the IPRS decision itself would not apply to Charter Courts which are governed by the respective Letters Patent statutes. The Court found that this aspect regarding applicability of the Letters Patents statutes to Charter Courts had not been considered by the Supreme Court in the IPRS decision and ruled that a Plaintiff could sue on the basis of a subordinate office being present in Kolkata.

IV. The IPRS decision: Could the Supreme Court have reached the same conclusion differently?

The IPRS decision deals with a peculiar set of facts i.e. both Plaintiffs and Defendants had their registered office at the same place where the cause of action had arisen; despite this, the Plaintiffs had chosen to file the suit in Delhi on the basis that it has its subordinate office at that place. This, according to the Supreme Court, was an abuse of the benefit provided to Plaintiffs under Section 62(2) of the Copyright Act, 1957. While one may agree with this characterization of the Plaintiffs' conduct, it is difficult to agree with the manner in which Supreme Court interpreted Section 62(2) of the Copyright Act and Section 134(2) of the Trademarks Act. The Supreme Court referred to several rules of interpretation including the rule of purposive interpretation as well as the rule of counter mischief in support of its reasoning. As per these rules, if the material words are capable of bearing two or more constructions, then the one which suppresses the mischief and advances the remedy should be followed. The Court in the IPRS decision itself stated “when two interpretations are possible, the court has to adopt the one which furthers the object as provided in the statute itself.” Having said this, the Court was

24 Hindustan Unilever Ltd. v. Andhra Detergents Mac Marketing, Judgment dated December 12, 2016 in Civil Suit No. 202 of 2016 before the High Court of Madras.
25 Hindustan Unilever Ltd. v. Sushil Kumar Sitaldas Dhirani, GA No. 1802 of 2010 in Civil Suit No. 100 of 2016 before the High Court of Calcutta.
26 Supra note 4, at 27.
required to specify the words or an expression in these Sections to which it was giving a purposive meaning; however, it failed to do so.

One may argue that the Supreme Court provided an interpretation to the words ‘carrying on business’ and had impliedly held that IPRS was carrying on business at its principal office and not at its subordinate office. The Supreme Court clearly did not do so as is evident from the following paragraph:

“However, this right to institute suit at such a place has to be read subject to certain restrictions, such as in case plaintiff is residing or carrying on business at a particular place/having its head office and at such place cause of action has also arisen wholly or in part, plaintiff cannot ignore such a place under the guise that he is carrying on business at other far flung places also.”\(^{27}\)

“In our opinion, in a case where cause of action has arisen at a place where the plaintiff is residing or where there are more than one such persons, any of them actually or voluntarily resides or carries on business or personally works for gain would oust the jurisdiction of other place where the cause of action has not arisen though at such a place, by virtue of having subordinate office, the plaintiff instituting a suit or other proceedings might be carrying on business or personally works for gain.”\(^{28}\)

The usage of the term ‘carrying on business’ in the above quoted paragraphs indicates that the Supreme Court did not restrict the meaning of the word ‘carrying on business’ only to places where the principal office is located and it in fact acknowledges that a Corporation may be carrying on business at a place where it has a subordinate office. Indeed, the Supreme Court had no occasion to revisit the definition that it accorded to the term ‘carrying on business’ in its \textit{Dhodha House} decision.

The Supreme Court also did not expressly hold that the Explanation to Section 20 of the CPC applies to Section 62(2) of the Copyright Act and Section 134(2) of the Trademarks Act. We will come to this aspect later in this article when we examine the \textit{Ultra Homes} decision.

Thus, while the Supreme Court was clearly inclined to prevent the abuse of these pro – Plaintiff provisions, in our view, it failed to fully identify interpretational underpinnings for reaching its

\(^{27}\) \textit{Id.}, ¶ 18.  
\(^{28}\) \textit{Id.}, ¶ 19.
conclusion. In our view, it could have reached the same conclusion without attempting interpretational jugglery. The Supreme Court could have invoked Section 25 of the Code of Civil Procedure for transfer of a civil suit from a Court from one jurisdiction to another. The paramount consideration in transferring the suit from one jurisdiction to another is to meet the ends of Justice. As per Mulla’s authoritative treatise on CPC,29 “A party seeking justice may choose a forum most inconvenient to the adversary, with a view to depriving the adversary of a fair trial. The Parliament has, therefore, invested the Supreme Court to transfer the case from one Court to another to meet the ends of justice.” In our view, the facts IPRS decision presented an apt opportunity for the Supreme Court to exercise its transfer jurisdiction rather than engaging in a complex interpretative exercise which lacks coherence and which failed to provide sufficient guidance for lower Courts.

V. Ultra Homes or Manugraph: Which Court got it right?

As has been mentioned above, the Division Bench in the Ultra Homes case relied on the Supreme Court’s IPRS decision to come to a finding that the Explanation to Section 20 had been read into Section 62(2) of the Copyright Act and Section 134(2) of the Trademarks Act. A close reading of the decision suggests that the Supreme Court did not in fact do so. For instance, the Supreme Court finds that where the Corporation is having ordinary residence/principal place of business and cause of action has also arisen at that place, it ‘has’ to institute a suit at the said place and ‘not at other places’.30 Clearly, this would not be the result under the Explanation 20 of the CPC since as per the Patel Roadways doctrine,31 even the principal place of business is oust as a jurisdiction for suing if the subordinate office is located at a place where the cause of action has arisen. In the authors’ view, we respectfully disagree with the finding in this regard in the Ultra Homes decision and agree with the finding in the Manugraph decision. In our view, and with the utmost respect, the Ultra Homes decision wrongly finds that a consequence of the Supreme Court’s IPRS decision was that the Plaintiff cannot sue at its principal place of business, if the cause of action arises at the place of its subordinate office. The Supreme Court in IPRS was solely dealing with one situation i.e. where the cause of action arises at the place of the Plaintiffs’ principal office and the Supreme Court’s decision must be read in that context.

Is the outcome in Patel Roadways ideal?

30 Supra note 1, at 19.
31 Supra note 4.
Our first point of disagreement with Patel Roadways is the disjunctive reading of ‘or’ in the explanation to Section 20, CPC. Section 20 uses the word ‘or’ more than once. However, the Supreme Court interpreted the ‘or’ in the explanation disjunctively while the rest of the ‘or’s’ are applied conjunctively. For example, clauses (a), (b), and (c) of Section 20 are separated by an ‘or’. Each of these ‘or’s’ is read conjunctively, meaning that each of the clauses are available to a plaintiff and one does not exclude the applicability of the other.

Secondly, the court believed that unless an overlap of subordinate office and cause of action excluded the principal office of a corporation, the second part of the explanation would be redundant in light of Section 20(c) as the Plaintiff can always bring action where the cause of action arises. Another way to interpret the explanation to Section 20 would have been to say that a corporation is deemed to carry on business at its subordinate office only if a part of cause of action arises at the place of the subordinate office. This is particularly important since there is no apparent policy reason, and none was given by the court, for excluding the principal office of a corporation as a place where it can be sued.

**What options are left for Plaintiffs?**

With the slow death of Sections 62 of the Copyright Act and Section 134 of the Trade Marks Act, right holders are now looking at other avenues for invoking jurisdictions of favourable Courts.

One such avenue is initiating *quia timet* actions. A *quia timet* action is based on an apprehended injury or a threat of an injury, even where actual infringement has not yet taken place. These are usually based on credible and imminent apprehension of injury within the jurisdiction of their preferred court.

Courts are also interpreting the phrase ‘cause of action' broadly. Cause of action is a bundle of rights based on which the right to sue accrues and which are required to be proved to grant relief to the Plaintiff. For instance, in the IPRS decision, the Supreme Court held “cause of action not only refers to the infringement but also the material facts on which right is founded. Section 20 CPC recognizes the territorial jurisdiction of the courts inter alia where the cause of action wholly or in part arises...Thus, a plaintiff can also file a suit where the cause of action wholly or in part arises.” Similarly, a Division bench of the Delhi High Court has taken a similar view in

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32 Mars Incorporated v. Kumar Krishna Mukerjee, 2003 (26) PTC 60 (Del.).
Music Broadcast Pvt. Ltd. v. Axis Bank & Ors.\(^{33}\) where it held that “…the infraction of a right, coupled with the right itself constitutes a cause of action.” In the facts of this case, the court held that both the issuance of the compulsory licenses and their cancellation constitute the bundle of facts which can be referred to as cause of action. Therefore, based on this wider interpretation of the phrase ‘cause of action’, Plaintiffs may argue that where the right or registration has been granted at a particular place or where the Plaintiffs’ goodwill and reputation at a given place is being affected, cause of action has arisen at that place.

Plaintiffs, who often invoked Section 62 of the Copyright Act and Section 134 of the Trademark Act, 1999, suddenly found that the scope of these provisions had been re-interpreted by the Supreme Court in the IPRS decision. This led to plaints being returned in a number of pending suits which had been instituted based on the interpretation of these Sections in the pre-IPRS world. Quite apart from the above, the IPRS decision has been interpreted in divergent ways by different High Courts and this had to lead to a cleavage of opinions, a conflict which must eventually be resolved by the Supreme Court. The perceptible change in strategy of Plaintiffs is to move away from the murky interpretations of Sections 62 and 134 and instead rely on Section 20 of the Code of Civil Procedure, especially Section 20(c) of the Code of Civil Procedure. The Court’s response to this strategic manoeuvre remains to be seen.