

JOURNAL OF INTELLECTUAL PROPERTY STUDIES



VOLUME IV

JUNE 2021

ISSUE II

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**QUANTIFYING CONSUMER PERCEPTION TO IDENTIFY ACQUIRED
DISTINCTIVENESS OF TRADEMARKS: THE CASE FOR A SURVEY-BASED
APPROACH**

CHERIAN CHACKO MANAYATH* AND DEEPA PADMAR**

ABSTRACT

The ability of a trademark to fulfil its source-identifying function is sustained by its distinctiveness, whether inherent or acquired. When marks are not inherently distinctive, acquisition of distinctiveness becomes a question of fact, determined on a case-by-case basis. Several consumer and producer-side indicators are routinely considered by High Courts in determining the acquisition of secondary meaning. The nature of these indicators and their inconsistent application has made it difficult for courts to deduce specific tests for guidance. Therefore, courts rely inconsistently on producer-side indicators such as- duration of trademark use, the geographical extent of use and advertisement revenues, which do not speak to the actual consumer perception of marks in question. While it is a settled principle that recognizing consumer perception of trademarks is an essential facet of distinctiveness, the current practices fail to provide an accurate measure of the same. This paper considers the concept of distinctiveness and the manner in which the High Courts have historically attempted to determine it through indicators. Thereafter, it analyses the shortcomings of these indicators and their consistency with the well-recognized Windsurfing standard, developed in the European Union. The paper also evaluates these producer-side indicators as proxies for consumer preferences, while making a case for consumer surveys as being a more accurate indication of consumer preference. Finally, it attempts to provide viable suggestions for over-coming hurdles posed by a survey-based system and addresses the need for a futuristic approach of utilizing search engines to solve the acquired distinctiveness problem.

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I. INTRODUCTION

Distinctiveness is the sine qua non of trademark protection. This means that in order to accord trademark protection to a particular mark, it is necessary to establish a degree of distinctiveness with respect to the mark. Distinctiveness was best explained by Justice Holmes as the awareness of a sufficient number of customers that “a single thing is coming from a single source.”¹ The express mention of this can be found in the Indian Trademarks Act that defines a trademark to be, among other things, capable of distinguishing the goods or services of one person from those of others.² This concept of distinctiveness is vested within marks through various means including instances where such distinctiveness is acquired subsequently, where it wasn’t originally vested within the mark. This exceptional circumstance that is referred to as acquired distinctiveness or secondary meaning is the subject of this paper.

Our aim is to discuss the manner in which such a determination of distinctiveness is made, its application in Indian Courts, and its consistency with the practice and ends of trademark law while drawing from both the US and EU experience of the same. The Paper also ventures into possible alternatives that could be adopted to make this determination a more objective and efficient process. To this end, the paper is divided into five parts, where Part II deals with the concept of Acquired Distinctiveness and analyses the indicators used by Indian Courts to determine its validity; Part III deals with the well-recognized EU Windsurfing Principle and analyses as to what extent the indicators, in the manner in which they are used by Indian Courts, are consistent with it; Part IV deals with the specific producer side indicators and how they serve as proxies for consumer side indicators and Part V considers Consumer Surveys and its potential to be a sufficiently objective standard of collecting evidence to determine acquired distinctiveness, while at the same time considering newer platforms from which data could be more effectively collected.

II. ACQUIRED DISTINCTIVENESS

Trademark law recognizes two broad fields of distinctiveness, inherent distinctiveness and acquired distinctiveness.³ This classification is significant given the diametrically opposite nature of how distinctiveness came to be vested within that mark and any exploration into one cannot

¹ Charles Martin, *Meaning of Distinctiveness in Trade-Mark Law*, 45 ILL. L. REV. 535 (1950).

² The Trade Marks Act, 1999, § 2(b), No. 47, Acts of Parliament, 1999 (India).

³ THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION 11:4 (2017).

be in ignorance of the other. Hence, before considering the nuances of acquired distinctiveness it becomes important to consider inherent distinctiveness.

A designation that by virtue of its intrinsic nature serves to identify a particular source of a product and through it becomes distinctive is termed an “inherently distinctive” mark.⁴ There exists an irrefutable presumption that a mark of this kind has achieved almost instant recognition as a symbol of origin upon its first use.⁵ This presumption negates the need for any additional burden of proof in terms of secondary meanings and the mark can be registered immediately as a trademark.⁶ Inherently distinctive marks usually take the form of arbitrary, fanciful and suggestive marks.⁷ Arbitrary marks refer to those marks that are by themselves generic or descriptive but through their use in identifying products far removed from the ordinary or dictionary meaning of that mark attain inherent distinctiveness.⁸ An example of this is a technology company named after a fruit, ‘Apple’. Fanciful marks refer to marks coined or created, that previously did not exist within public consciousness. An example of this would be ‘Kodak’, a word mark for a photography company. Suggestive marks walk a fine line between inherently distinctive marks and descriptive marks in so far as it, without describing product, merely ‘suggests’ the features of a product, a conclusion which would not be imminent but rather involve some degree of a mental effort and perception. A good example of this is ‘Microsoft’ for a Microcomputer Software Company. In all three categories, the marks with relation to their products are not generic or descriptive and are distinctive from the very beginning. In contrast to this, distinctiveness is said to have been acquired when a mark that is originally generic or descriptive, without any distinctiveness attached to it becomes so as a result of consumer perception. Here the process of acquiring distinctiveness is not instant and it entails a process affected by various factors.

The general position is that marks that are not inherently distinctive are not capable of being registered as a protected trademark.⁹ However, across jurisdictions, there is a well-established exception to this, where registration is possible on proving that such a mark has subsequently acquired distinctiveness. Acquired distinctiveness is also referred to as acquiring secondary

⁴ *Id.*

⁵ *Id.*

⁶ *Marico Limited v. Agro Tech Foods Limited.*, 2010 (174) DLT 279 (India).

⁷ Dustin Marlan, *Visual Metaphor and Trademark Distinctiveness*, 93 WASH. L. REV. 767, 768-769 (2018).

⁸ *Abercrombie & Fitch Co. v. Hunting World, Inc.* 537 F.2d 4 (2d Cir. 1976).

⁹ The Trade Marks Act, 1999, § 9(1)(b), No. 47, Acts of Parliament, 1999 (India).

meaning; this is because it refers to a meaning or significance that is acquired by the mark or word as the case may be added to the one that was already vested with it.¹⁰ It is important to note that this does not invalidate the original meaning but has a new meaning attached to it in relation to a product.¹¹

Acquired distinctiveness has correctly been recognized as largely being a question of fact that must be determined existing as an exception to absolute grounds of refusal for registration of a trademark.¹² The controversy starts at the point at which one ventures into determining such acquisition of distinctiveness.¹³ The general body of law on acquired distinctiveness posits that there exist indicative and decisive factors for determination in this regard.¹⁴ The indicative factors include- duration, territory, extent, market share, and advertising volume of the mark, and the decisive factor being that the public associates the mark with the undertaking.¹⁵ There is scholarship to suggest that the decisive factor must be given preference,¹⁶ however, this poses a circular problem of ascertaining when the public stops perceiving the mark as generic or descriptive and starts associating it to the specific product. This requires reference to the many indicative factors that have separately and jointly found mention in varying degrees of judicial acceptance in cases scattered across the country in various High Courts. This part seeks to trace this often contradictory jurisprudence and attempts to reconcile it to a standard that originated in the EU that has now gained a general consensus and what the future of acquired distinctiveness litigation could look like.

A. Duration of Use

Long-term use has largely been assessed on a case-to-case basis; in consideration of other factors.¹⁷ Length of use has only persuasive value in respect of distinctiveness in the EU¹⁸ and

¹⁰ Mahendra and Mahendra Paper Mills Ltd. v. Mahindra and Mahindra Ltd., (2002) 2 SCC 147 (India).

¹¹ MCCARTHY, *supra* note 5, at 15:1.

¹² Godfrey Philips India Ltd. v. Gimar Food and Beverages Pvt. Ltd., (1998) 9 SCC 531 (India).

¹³ United Iron and Steel Works v. Government of India, AIR 1967 P&H 64 (India).

¹⁴ MCCARTHY, *supra* note 5, at 15:30.

¹⁵ *Id.*

¹⁶ Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621, 652 (2004).

¹⁷ European Union Intellectual Property Office, *Guidelines for Examination of European Union Trademarks (2017)*, https://euipo.europa.eu/tunnelweb/secure/webdav/guest/document_library/contentPdfs/law_and_practice/trade_marks_practice_manual/WP_2_2017/PartB/04part_b_examination_section_4_absolute_grounds_for_refusal/part_B_examination_section_4_chapter_14/TC/part_B_examination_section_4_chapter_14_Acquired_distinctiveness_tc_en.pdf (last visited Oct. 20, 2020).

¹⁸ *Id.*

the US.¹⁹ In the United States, the Lanham Act specifies that five years of substantially exclusive and continuous use of a mark as a trademark constitutes prima facie evidence of acquired distinctiveness.²⁰ Nevertheless, if the use is not exclusive, the time of use might make no difference to the distinctiveness of the sign.

Several contradictions can be observed in the application of the time factor by the High Courts in India. One fundamental question is whether it is possible to prescribe a specific time period, in the first place, and if so, what constitutes sufficient duration for the acquisition of distinctiveness. In *Britannia v. ITC*, ITC had filed a suit seeking an injunction restraining Britannia from violating its purported rights in the packaging/trade dress of its biscuit by allegedly using a deceptively and confusingly similar trade dress for its product.²¹ In the instant case, Britannia had introduced its product six months after ITC. While the High Court of Delhi considered the large sale of ITC's product, it went on to hold that it should not be easy for a party to claim exclusivity over a colour combination particularly when the same has been in use for a short while.²² Similarly in *ITC v. Registrar of Trade Marks*, the issue was whether 'Simla' can be said to have acquired distinctiveness in respect of Tobacco. The Calcutta High Court here considered the high sales, affidavits by a number of witnesses in respect of the brand, and the fact that the term is geographical. However, the court was eventually reluctant to concede that the word 'Simla' had acquired a secondary meaning in the course of three years, to be associated with Imperial Tobacco.²³

This is in direct contrast to the proposition in *Isha Khosla v. Anil Aggarwal* which suggests in clear terms, that for the purpose of claiming proprietorship of a mark, length of time may be irrelevant.²⁴ Relying on the ratio in *Century Traders v. Roshan Lal Duggar PTC Supply*, the Delhi High Court noted that - to acquire secondary meaning/distinctive meaning it is not necessary that the product is in the market for a number of years. If a new idea is fascinating and appeals to the consumers, it can become a hit overnight.²⁵ Alternatively, a mere casual, intermittent, or experimental use may be insufficient to show an intention to adopt the mark as a trademark for a

¹⁹ In re Van Valkenburgh, 97 USPQ2d 1757, 1767 (TTAB 2011).

²⁰ The Lanham (Trademark) Act, 15 U.S.C. §1052(f) (1946).

²¹ ITC Ltd. v. Britannia Industries, CS (COMM) 1128/2016 (India).

²² *Id.*

²³ Imperial Tobacco Co. Of India Ltd. v. Registrar of Trade Marks, AIR 1968 Cal 582, 37 (India).

²⁴ Century Traders v. Roshan Lal Duggar & Co., 1977 PTC (Suppl.) (1) 720 (Del) (DB) (India).

²⁵ Mrs. Isha Khosla v. Anil Aggarwal And Anr., 2007 (34) PTC 370 Del, 21 (India).

specific article or goods.²⁶ In light of these decisions, the relevance of duration as a criterion becomes questionable. If it is possible for products to become hits overnight, then this suggests that time has very little to do with the actual acquisition of distinctiveness.

B. Geographic Extent of Use

The significance of area-specific use of a trademark in determining the acquisition of distinctiveness has time and time again been upheld across multiple jurisdictions. The manner in which the area of use becomes important is two-fold. Firstly, where the mark has been in use in a particular region, gains distinctiveness and wishes for prospective protection in the form of registration and secondly, when two or more marks of a similar nature exist.

A simple example of the first kind is the decision of the House of Lords' in 1913, the *Registrar of Trade Marks v. W. & G. Du Cros Ltd.*,²⁷ where the court was concerned with whether the name of the motor cab proprietors that was simply "W & G" could be held as having acquired distinctiveness on account of its constant use in London. It was submitted that it had acquired a widespread secondary meaning as far as motor-cabs were concerned within the geographical limits of London. Though the court held that the three years of use of the mark in question was not sufficient to conclude any acquisition of distinctiveness, the court through Lord Parker laid down the use and area test required to determine acquired distinctiveness. Commenting on the need to prove conclusive distinctiveness, he stated that it would "depend on all the circumstances, including the area within which and the period during which such distinctiveness can be predicted of the mark in question."²⁸ This requirement of area and time has gained subsequent recognition and is an important starting point from which the law regarding acquired distinctiveness evolved.²⁹

The discussion of the area of use in the context of the second kind, competing marks and whether one of the marks is to be accorded protection owing to acquired distinctiveness, must be considered with the law of passing off. This was recognized in *George Outram & Co. Ltd. v. London Evening Newspapers Company Ltd.*,³⁰ where two Newspapers with similar names were being circulated in Glasgow and London respectively, the court was of the opinion that since the

²⁶ Consolidated Foods Corporation v. Brandon and Company Private Ltd., AIR 1965 Bom 35, 28 (India).

²⁷ Registrar of Trade Marks v. W. & G. Du Cros Ltd., [1913] AC 624 (HL) 588 (appeal taken from Eng.).

²⁸ *Id.* at 637.

²⁹ *Supra* note 25.

³⁰ George Outram & Co. Ltd. v. London Evening Newspapers Company Ltd., 1911 RPC 28 (Eng.).

circulation of these newspapers are in different geographical locations and has achieved recognition there, it could not be a case of passing off.³¹

However, yet again, it is interesting to note that the position does not exist in uniformity in the manner in which different courts have chosen to apply it. In *T.V. Venugopal v Ushodaya Enterprises*, where the controversy was with regard to the use of the Kannada word 'Eenadu' meaning 'this land' the Supreme Court took the position that the respondent company's mark 'Eenadu', though a descriptive word, had acquired extraordinary reputation and goodwill within the State of Andhra Pradesh as "almost household words".³² It was held that it had thus acquired a secondary meaning and is fully identified with the products and services provided by the company to the consumers within Andhra Pradesh.³³

Sunil Mittal v Darzi,³⁴ poses an interesting position as far as the test of area of usage is concerned, in spite of it not being a direct ruling on acquired distinctiveness. The controversy, in this case, had to do with the use of the word 'Darzi' being used for tailoring services. Darzi is the Urdu word for tailor and it was argued that the word was generic, it was also argued that it was descriptive of the service being rendered hence incapable of being accorded the protection of distinctiveness. The court considered the meaning and etymology of the word and further delved into its use and significance within the geographic territory of Delhi. Endlaw J. held that the term could not be termed descriptive in the present case since it was the finding of the court that the word had never been used within the territory of Delhi as referring to tailoring services.³⁵ This serves to illustrate the importance of the area of usage where the consumers of that particular territory would specially recognize the mark in question as referring to a specific product and the many factors that could affect such recognition.

In *Living Media India Ltd. v. Jitender V. Jain*,³⁶ where the Delhi High Court was of the view that reputation or goodwill could not be confined to a particular geographical limit and is all-pervasive. The court echoed the sentiment that the protection that trademark law affords cannot be suspended merely owing to it not falling squarely within the area of use.³⁷ However, it is

³¹ *Id.*

³² *T.V. Venugopal v. Ushodaya Enterprises*, (2011) 4 SCC 85 (India).

³³ *Id.*

³⁴ *Sunil Mittal v. Darzi*, 2017 (70) PTC 346 (Del) (India).

³⁵ *Id.*

³⁶ *Living Media India Ltd. v. Jitender V. Jain.*, 2002 (25) PTC 61 (Del) (India).

³⁷ *Id.* ¶ 29.

unclear from the judgment as to whether this is an express rejection of the concept or a product of the evolved times in which the law has to co-exist.

An analysis of the above-mentioned cases would reveal that courts accepted an area specific approach and limited their adjudication to a geographical area and in turn the perception of only those consumers within those boundaries. This required a case to case basis adjudication, with the determination of distinctiveness changing based on the geographical area under consideration. However, contradicting decisions that choose to do away with area-specific considerations and looking at the mark broadly call into question the viability of such an approach. This is especially so in a time where the gap caused by information asymmetry has contributed to the need to establish geographic boundaries of use to be shortened by the all-permeating scope of the internet

C. Publicity

It is a general practice for producers to advertise their products bearing a distinct mark through various means, with the objective of gaining publicity and recognition through it. The extent of this effort and the cost incurred in doing so is often produced as evidence of having acquired distinctiveness for that mark.³⁸ This is from a logical inference that such advertisements have successfully permeated public consciousness and hence establish source recognition for that mark with that product.³⁹ It is understood that it follows, that higher the expense higher would have been its extent of permeation into the consumer's minds.⁴⁰

However, a mere record of advertisement expenses cannot be a proof of having acquired distinctiveness. It must be seen as being part of a larger context that is created with other pieces of evidence that suggest that such an acquisition of distinctiveness has taken place.⁴¹ Producers also adduce the record of sales as being the desired result of the advertisements⁴² under the premise that a large sales figure corresponding to advertisement means that it has acquired distinctiveness.

³⁸ See *Mahendra & Mahendra Paper Mills v. Mahindra & Mahindra Ltd.*, AIR 2002 SC 117 (India); *Ramdev Food Products Private Ltd. v. Arvindbhai Rambhai Patel*, (2006) 8 SCC 726 (India); *Nandhini Deluxe v. Karnataka Co-Operative Milk Producers Federation Ltd.*, AIR 2018 SC 3516 (India).

³⁹ MCCARTHY, *supra* note 5, at 15:50.

⁴⁰ *Id.*

⁴¹ *Satyam Infoway Ltd. v. Sifynet Solutions Pvt. Ltd.*, (2004) 6 SCC 145 (India).

⁴² *Geepee Ceval Proteins and Investment Pvt. Ltd. v. Saroj Oil Industry*, 2003 (27) PTC 190 (Del) (India).

It ideally requires compelling material that evidences mass recognition in the minds of the relevant public of the producer as to the original source of the product.⁴³ Any evidence that is gathered to this end must indicate a direct relationship between the producer's efforts and the actualization of the direct effect on the majority public. Hence, in order to draw a larger context of consumer acceptance, it is often clubbed with a record of sales and other promotional material.⁴⁴ While this clubbing is recognized as important, determination of distinctiveness is still made by considering a single indicator of publicity such as the record of the sales.⁴⁵

Courts have chosen to give effect to the trademark law principle of distinctiveness through the use of consumer perception. In order to determine consumer perception and through it acquired distinctiveness, the courts have relied on the various indicators discussed above. As analyzed, the indicators suffer from inconsistency in their application and for that reason using them as the sole proof of consumer perception is suspect. The question then becomes one of finding the right indicators and applying them.

III. THE WINDSURFING STANDARD

The Windsurfing case was concerned with a geographic name becoming associated with products and achieving an origin source reputation, however, the reasoning has gone on to influence the way acquired distinctiveness is to be determined.⁴⁶ While dealing with the question of how to determine acquired distinctiveness, the court held that an overall assessment must be made of the evidence, it went on to lay down the duration, territory, extent, market share, advertising volume of the mark, the proportion of the relevant class of persons who identify goods as originating from a particular undertaking owing to the mark, and statements from chambers of commerce and industry or other trade and professional associations.⁴⁷ This lays down a comprehensive guide that indicates that courts must not choose to determine based on the specific evidence presented to it. At the very least it beckons at the need to include more conclusive pieces of evidence that provide a whole picture of the effect the mark has had.

It would surely be a point of contention that a principle formulated within the context of the EU Trademark regime would have no place in India. This requires a consideration of India's

⁴³ British Sugar PLC v. James Robertson & Sons Ltd., 1996 RPC 281 (Eng.).

⁴⁴ B.K. Engineering Co. v. Ubhi Enterprises, AIR 1985 Delhi 210 (India).

⁴⁵ M/s P.K. Overseas Pvt. Ltd. v. M/S KRBL Ltd., 2014 (57) PTC 129 (IPAB) (India).

⁴⁶ Joined Cases C-108/97 and C-109/97, Windsurfing Chiemsee Produktions und Vertriebs GmbH v. Boots und Segelzubehor Walter Huber & Franz Attenberger, 1999 E.C.R. 1-2779.

⁴⁷ *Id.* ¶ 51.

common law heritage specifically with regards to Trademark law. In India, the concept of trademark protection exists in the form of common law principles as it did in England, and subsequently, these principles were codified into a statute.⁴⁸ It is pertinent to note that in spite of codification, common law principles were still central to the law of trademark. An example of this is the action of passing off which exists as a common law remedy applicable even when the statutory requirement of registration is not complied with.⁴⁹ This shared common law heritage has been further championed through judicial pronouncement, where the court considering the basic principles of distinctiveness as they existed under English law concluded that the law was similar to the Indian position.⁵⁰

However, it is pertinent to note that the UK Trademark law pivoted away from common law to follow the European Union Trademark regime. This in effect means that a common law orientation that previously connected the Indian and UK trademark law systems no longer holds for the latter.⁵¹ This is not to suggest that the common law principles would no longer apply to India by any stretch of an argument. However, this becomes important because of the acceptance of the EU regime by a common law country signalling that it would not be out of place to apply the EU doctrines in a common law system.

While the courts in India for the most part have not taken note of these important criteria, the Bombay High Court considered the standard laid down in *Windsurfing Chiemsee* along with common law principles whilst adjudicating on whether acquired distinctiveness had been sufficiently proven.⁵² Subsequently the draft Trademarks manual referenced *Windsurfing* while clarifying the position of 'Examination of evidence of use as a Trade Mark'.⁵³ This must be considered in the light of scholars who caution that there should not be any hurry to accept the EU position and that the courts must vary of the law being 'Europeanised by stealth'.⁵⁴ Given this apprehension, increased reference to the windsurfing criteria by the courts would allow for the courts to formulate their version of the criteria.

⁴⁸ 3 P. NARAYANAN, LAW OF TRADE MARKS AND PASSING OFF 131 (2004).

⁴⁹ The Trade Marks Act, 1999, § 27(2), No. 47, Acts of Parliament, 1999 (India).

⁵⁰ Sunder Parmanand Lalwani v. Caltex (India) Ltd., AIR 1969 Bom 24, 32 (India).

⁵¹ Dev Gangjee, *Non-Conventional Trade Marks in India*, 22 NAT'L L. SCHOOL INDIA REV. 67 (2010).

⁵² Pidilite Industries Limited and Ors. v. Vilas Nemichand Jain and Ors., 2015(6) Bom CR 499 (India).

⁵³ *Draft Trade Marks Work Manual*, OFFICE OF THE CONTROLLER GEN. OF PATENTS, DESIGNS & TRADE MARKS, <http://www.ipindia.nic.in/writereaddata/images/pdf/proposed-tm-manual-for-comments.pdf> (last visited Oct. 20, 2020).

⁵⁴ Gangjee, *supra* note 53, at 70.

IV. PROXIES: INADEQUATE MEASURES?

The late Justice Ginsburg, in *USPTO v. Booking.com*⁵⁵ reiterated that the generic (or non-generic) character of a particular term depends on its meaning to consumers, i.e., do consumers in fact perceive the term as the name of a class or, instead, as a term capable of distinguishing among members of the class. The whole exercise of determining acquired distinctiveness is predicated on the possibility of a descriptive or generic term being associated with and recognized as the source of a certain product.⁵⁶ The nature of this association is then sought to be proven by the producer by adducing evidence, thus highlighting the perceived importance of evidence in proving the status of secondary meaning. Hence it follows that the evidence produced must demonstrate how the consumers have come to recognize the mark with that product. The manner in which such evidences are presented before courts have largely been in the form of duration of use of the mark, the total amount spent on advertising the product associated with the mark and sales of such products among others.⁵⁷ Here the courts presume that the degree of success in moving product or the time and money spent on the mark in a particular market serves to highlight that consumers have recognized the mark as the origin of the products they consume. This rationale holds true for most trademark jurisdictions including India. Given that most of the indicators are those emanating from the producer, it is crucial to show that such efforts by the producer have actually borne fruit and that there is material to conclude that the consumers have responded to those efforts by making the source origin association. This second layer of analysis is often missing in the decisions of Indian courts.

Ignoring the consumer side association and relying too heavily on the producer side indicators poses many concerns regarding the nature of distinctiveness and the role of trademarks. That a consumer will recognize a product bearing a certain mark distinct from that of other similar products solely on the basis of such mark, is the entire premise of Trademark law. This serves to illustrate the importance of consumer perception. In the absence of the same, the producer-side indicators become proxies for consumer recognition while that might not actually be the case.⁵⁸ This is because in spite of the importance given to them in court, these factors aren't an exhaustive account of the acquisition of secondary signification. Sole or heavy reliance on such

⁵⁵ *USPTO v. Booking.com B.V.*, No. 19-46 (U.S. June 30, 2020).

⁵⁶ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 773 (1992).

⁵⁷ Jake Linford, *Trademark Owner as Adverse Possessor: Productive Use and Property Acquisition*, 63 Case W. RES. L. REV. 703, 708 (2013).

⁵⁸ McCarthy, *supra* note 5, at 15.48.

factors can distort the trademark system since consumer recognition is substituted with producer side indicators acting as a proxy. This tendency has led scholars to argue that the framing of trademark litigation and the manner in which it is structured is always in a seller v. seller premise, leaving consumers or the end users out of this narrative.⁵⁹

An example of this is the case of *Zari v Zari Silk*,⁶⁰ where the court was presented with the record of the amount of money spent on advertisements and related campaigns to establish acquisition of distinctiveness. A conclusion of distinctiveness based solely on this evidence would fall squarely within the proxy criticism. Merely because the amount so spent is substantial and spread over a significant length of time, producing the same does not automatically lead to the inference that distinctiveness has been acquired.⁶¹ The evidence provided must be of such nature that it could lead the court to infer the actual result of such advertisement campaigns, being that it converts a descriptive term in the minds of the consumers into a term designating a single source.⁶²

Record of sales could be intuitively seen as being a consumer side indicator, however mere evidence to show that a product bearing a certain mark has enjoyed extensive sales or popularity does not prove acquired distinctiveness. This is because the data submitted is merely indicating sales that could be attributed to a host of reasons and not exclusively distinctiveness.⁶³ In recognition of this, there exists an entire body of scholarship that calls for consumer surveys to be given greater preference as a factor.⁶⁴

V. CONSUMER SURVEYS: PAVING THE ROAD AHEAD

Consumer surveys are used to gather data on the beliefs and attitudes of consumers towards products, concepts, or names,⁶⁵ as they provide direct evidence about consumer perceptions that expert testimony may lack, and elicit multifaceted information about perceptions that mere visual comparison does not provide.⁶⁶ Opinion polls and surveys concerning the level of recognition of

⁵⁹ Michael Grynberg, *Trademark Litigation as Consumer Conflict*, 83 N.Y.U. L. REV. 60, 72-74 (2008).

⁶⁰ *Zari v. Zari Silk India Pvt. Ltd.*, 2014 (59) PTC 62 (Raj) (India).

⁶¹ *McCain International Ltd. v. Country Fair Foods Ltd. & Anr.* (1982) 2 PTC 156 (CA) (Eng.).

⁶² *Walt-W. Enter., Inc. v. Gannett Co.*, 695 F.2d 1050, 1060 (7th Cir. 1982).

⁶³ *Adidas-Am., Inc. v. Payless Shoesource, Inc.*, 546 F. Supp. 2d 1029, 1086 (D. Or. 2008).

⁶⁴ Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581, 1586, 1622 (2006).

⁶⁵ Robert C. Bird, *Streamlining Consumer Survey Analysis: An Examination of the Concept of Universe in Consumer Surveys Offered in Intellectual Property Litigation*, 88 TRADEMARK REP. 269, 270 (1998).

⁶⁶ Robert C. Bird and Joel H. Steckel, *The Role of Consumer Surveys in Trademark Infringement: Empirical Evidence from the Federal Courts*, 14 J. BUS. L. 1013 (2012).

the trademark by the relevant public on the mark in question can, if conducted properly, constitute one of the most direct kinds of evidence, since they can show the actual perception of the relevant public. However, courts in the EU, US and India have laid down specific requirements for surveys to form evidence under judicial scrutiny.

A practice which is frequently seen in India is the use of affidavits by customers or merchants to prove distinctiveness, deceptive similarity, the likelihood of confusion, etc. this practice generally does not find acceptance in the high courts. However, the courts have often expressed a willingness to consider surveys which have been carried out according to judicial requirements. *Ayushakti Ayurved Pvt. Ltd. v. Hindustan Lever Ltd*⁶⁷ involved an action for passing off, in respect of the Trademark 'Ayush'. Here, the plaintiff submitted a number of affidavits (by employees, merchants, etc), including one of the shop keepers, who had sworn the existence of confusion and deceptive similarity on the ground that an unnamed customer had asked for an AYUSHAKTI brand product thinking that they are the same as AYUSHAKTI products originating from the plaintiff. The court ruled that affidavits of this kind were wholly unsatisfactory and unreliable. In the same case, Justice Bobde, noting that survey evidences assist the Court, particularly at interlocutory stages, relied on English precedents to suggest that the requirements necessary for an admissible survey were relevant cross-section representation of the public, requirement of statistical relevance, fairness in the process, disclosure requirement and certainty.⁶⁸

Subsequent cases in respect of affidavits bring forth inconsistencies in their relevance. For instance, in *Time Warner Entertainment Co v AK Das*,⁶⁹ supportive affidavits were submitted, which disclosed that a substantial number of relevant classes of consumers were likely to be confused and deceived in respect of the marks. The judge noted that the market survey report when filed through affidavits could be looked into and relied upon for the purpose of ascertaining whether an interlocutory order could be made or not on the allegation of passing off of a trademark.⁷⁰

There have been instances where Indian courts have expressed great reservations on the wide and uncertain nature of surveys and its admissibility as evidence. This appears to be the result of an absence of procedure or process resulting in the non-inclusion of address or identity of survey

⁶⁷ *Ayushakti Ayurved Pvt. Ltd. v. Hindustan Lever Ltd.*, 2004 (28) PTC 59 (Bom.) (India).

⁶⁸ *Id.*; see also *Universal City Studios, Inc. v. Nintendo Co.*, 797 F.2d 70 (2d Cir. 1986).

⁶⁹ *Time Warner Entertainment Co v. A.K. Das*, 1997 (17) PTC 453 (Del.) (India).

⁷⁰ *Id.*

subjects.⁷¹ This throws up questions of verification. Hence the courts sought the opportunity to cross-examine surveyors in order to establish admissibility.⁷² Requiring the court to undertake this process for every case that involves consumer surveys is an arduous process and in the absence of no clear standards, is open to discrepancies in the survey evidence and the manner in which the court admits it.⁷³ This has been compounded by the fact that courts accept and reject the admission of surveys as evidence at specific stages in the suit.⁷⁴

The position in India has seemed to turn in favour of surveys with cases where High Courts have expressly noted the lack of a market survey as grounds for denial of reliefs.⁷⁵ This can also be observed in the passing of action instituted in *Pidilite Industries Limited and Ors. V. Vilas Nemichand Jain and Ors.* While the judge noted that market surveys are not mandatory, he pointed out that it may have aided in tipping the verdict in favour of the petitioner when the issues are evenly poised.⁷⁶

Survey evidences have also been used by defendants to debunk claims of distinctiveness. In *Sanofi India v. Universal Neutraceuticals*, the defendant utilised an online market survey to point to the generic nature of the contested trademark in the specific (Pharmaceutical) business, by showing how the trademark 'UNIVERSAL' saw extensive use and reproduction by a number of companies operating in the field of medicine.⁷⁷

A recent development is the Indian Intellectual Property Office's Draft Manual on Trademark Practice and Procedure's guidelines. In respect of survey evidences, it is more or less in line with the EU requirements. It highlights that the 'relevant public' is comprised of actual or potential customers of the kind of goods/services in respect of which registration is sought – but that it is not appropriate to restrict the survey only to the class of persons who might purchase the applicant's goods/services. It mentions requirements for disclosure of the number of persons participating in the survey, responses, exact answers and control samples.⁷⁸ Given that it occupies a unique position being able to determine acquired distinctiveness for courts, it becomes

⁷¹ *Fedders North American v. Show Line*, 2006 (32) PTC 573 (Del.) (India).

⁷² *P.P. Hamsa v. Syed Agencies*, 1990 (2) KLJ 555 (India).

⁷³ *Samsonite Corporation v. Vijay Sales*, 73 (1998) DLT 732 (India).

⁷⁴ *Haw Par Bros. International Ltd. v. Tiger Balm Co. (P) Ltd.*, 1996 (16) PTC 311 (Mad.) (India).

⁷⁵ *McCain International Ltd. v. Country Fair Foods Ltd. & Anr.* (1982) 2 PTC 156, ¶17 (CA) (Eng.).

⁷⁶ *Supra* note 54.

⁷⁷ *Sanofi India Ltd. v. Universal Neutraceuticals Pvt Ltd.*, 2014 (60) PTC 593 (Del.) (India).

⁷⁸ OFFICE OF THE CONTROLLER GEN. OF PATENTS, DESIGNS & TRADE MARKS, *supra* note 55.

important to consider how surveys could be used going forward. This requires smoothening out of existing concerns surrounding surveys.

A. Concerns and Inconsistencies

There is vast confusion and discrepancy regarding the appropriate number of persons that must be part of a survey in order to constitute sufficiency which TM Draft Manual has also failed to clarify. For instance, in the United States, probative value has been dependent on the proportionality of interviewees to the population. It has been held that although all evidence must be reviewed on a case-by-case basis, generally, survey results showing less than 10% consumer recognition are insufficient to establish secondary meaning, and results over 50% are sufficient to establish secondary meaning.⁷⁹ However, in the United Kingdom, a survey including 500 persons was considered sufficient evidence,⁸⁰ while the European Union Intellectual Property Office [“EUIPO”] has explicitly stated that 1000-2000 interviewees are necessary.⁸¹ There have also been EUIPO decisions that suggest that 200 interviews are sufficient⁸² but that 1900 interviews are insufficient in determining probative value.⁸³ We concede that it would be impractical to put a cap on the number of persons to be surveyed as this would vary depending upon the type of product. If the product is one that is used by a selected few of the population of the country, then the number of interviewees becomes less relevant as opposed to the type of persons so interviewed. It may be more viable for the survey to consider people who are probable customers of the product.

Therefore, the relevant public becomes an important factor in determining the validity of a survey. The relevant public is deemed to be average consumers of the particular category of products concerned and the average consumer is deemed to be “reasonably well informed and reasonably observant and circumspect”. For instance, if the mark covers mass consumer goods, the surveyor will have to provide evidence that the public as a whole, or at least a substantial part of it, recognises the sign applied for as a mark. If the goods/services are addressed to a specific

⁷⁹ *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1127–28 (Fed Cir. 185), (finding 50% probative in establishing secondary meaning given the totality of the evidence); McCarthy, *supra* note 5 at 15.45, 32.190.

⁸⁰ Case R 240/2004-2, *Waterford Stellenbosch v. Waterford* OHIM 2nd BoA, 23 November 2010.

⁸¹ Stefan Martin, *The Use of Survey Evidence*, EU-INDIA INTELLECTUAL PROPERTY COOPERATION, <https://www.ipc-eui.org/sites/default/files/events/files/5-%20The%20use%20of%20survey%20evidence%20INDIA%2015-02-17%20final.pdf> (last visited Oct. 20, 2020).

⁸² Case R 1294/2011-1, *Ball Wholesale ApS v. Prabha Arts (London) Ltd.*, OHIM 1st BoA, 19 December 2013.

⁸³ Case R 1696/2010-1, *CCUniRent System GmbH v. RENTACAR (Société Anonyme)* OHIM 1st BoA 1 September 2011.

portion of the public, say, doctors who specialise in one medical area, evidence could only relate to that limited public.

Other practical impediments include the costs of implementation of surveys, especially in light of the strict requirements that courts have laid out. Plaintiffs with limited resources may be disabled if surveys are given high probative value. Further, the costs of finding survey participants pale in comparison to the costs of hiring experts to conduct and interpret survey evidence.⁸⁴ Therefore, it has been suggested, and probably rightly so due to current circumstances, that courts should refrain from making an adverse inference when litigants do not submit consumer surveys as an evidentiary component of their case.

B. Trademark Surveys: Overcoming the Hurdles

The importance of circumstantial evidence afforded by consumer surveys cannot be over-emphasized.⁸⁵ In his paper critiquing the use of survey evidences in trademark litigation, author Thompson D.L points to a range of deficiencies such as the likelihood of loss of meaning between perception and narration, motivation to falsify, and lack of accurate reportage. However, in his conclusion even he concedes that - as survey research procedures become increasingly more reliable and scientific, it is to be expected that their findings will become increasingly attractive as one logical basis for deciding cases in which public opinion or behaviour is a principal factor.⁸⁶

Although it is clear that surveys are an important and objective consumer-side indication of acquired distinctiveness, their implementation costs are deterrents to their use. One way to overcome this hurdle is through employing internet-based surveys, which are cheaper to conduct and are an effective tool for information gathering. Web-based data collection also eliminates the potential of interviewers biasing answers and possibly acting in a fraudulent manner.⁸⁷

There have been occasional hesitation in admitting and considering internet evidence for Trademark disputes across jurisdictions, but empirical research in the United States suggests that there is no reason why internet surveys must be given less probative value (in comparison with

⁸⁴ Jake Linford, *Democratizing Access to Survey Evidence of Distinctiveness*, in TRADEMARK LAW AND THEORY: REFORM OF TRADEMARK LAW (Graeme Dinwoodie & Mark Janis eds., forthcoming 2020).

⁸⁵ Jack P. Lipton, *Trademark Litigation: A New Look at the Use of Social Science Evidence*, 29 ARIZ. L. REV. 639, 641-42 (1987).

⁸⁶ Donald L. Thompson, *Survey Data as Evidence in Trademark Infringement Cases*, 2 J. MARKETING RES., 64, 73 (1965).

⁸⁷ Gabriel M Gelb & Betsy D Gelb, *Internet Surveys for Trademark Litigation: Ready or Not, Here They Come*, 97 TRADEMARK REP. 1073, 1082 (2007).

other surveys) or deemed inadmissible.⁸⁸ While data on this is grossly lacking in the Indian Market, we believe that the pros and cons of internet surveys largely remain the same whether in India or abroad. This is assuaged by considering that our proposition to encourage widespread use of Internet surveys exists in the same world where litigants would be able to rely on more reasonably priced providers of survey expertise, and where testimony from less highly credentialed experts would still be admissible under prevailing evidentiary standards, in order to truly democratize the use of surveys.⁸⁹ The admissibility and evidentiary value of electronic evidence under the Indian law is in itself a separate issue that is beyond the scope of our research in this paper, our observation specifically in respect of trademark surveys, is that the chief grounds for discounting the same should be based upon issues regarding the nature of the questions, or the number of people surveyed or ‘who’ has been surveyed, as opposed to the medium of the survey itself.

Even with internet surveys, it is pertinent to bear in mind that more respondents do not necessarily equal more representative or better-quality data. It is still necessary for surveying parties to employ an adequate cross-section of persons, and meet other evidentiary requirements. One prevalent problem is that parties conducting surveys may tailor the survey to only prove their claims, or target the survey at a population that would provide favorable survey results. In order to sufficiently combat this, conductors of surveys must be mandated to produce the fullest possible information regarding the process and results of the information acquired, as has been emphasized in *Interflora I*,⁹⁰ and the Whitford Guidelines, in the UK.⁹¹

Therefore, it becomes all the more important for courts in India to enforce the TM Manual requirements and seek full disclosure of the process and result of the survey, in order to prevent the imposition of an unfair burden upon the opposing party to disprove the survey claims rather than requiring the party that provides the evidence to validate it at the gatekeeping stage.⁹² The court could additionally, on occasion of doubt, be empowered to call upon parties that have conducted the survey, as witnesses, to ascertain that the process of the survey met evidentiary

⁸⁸ Hal Poret, *A Comparative Empirical Analysis of Online Versus Mall and Phone Methodologies for Trademark Surveys*, 100 TRADEMARK REP. 756, 765 (2010).

⁸⁹ Linford, *supra* note 86, at 2.

⁹⁰ *Interflora Inc. v. Marks & Spencer* [2014] EWCA (Civ) 1403; Uwe Lüken, Peter Brownlow & Nick Aries, *How Courts view surveys in Trademark Cases*, https://www.twobirds.com/~/_media/pdfs/news/articles/2015/43-47-feature-europe-surveys.pdf?la=en&hash=A642CC9232FDE6616A1B92163B0221BFD6FDE71A (last visited June 9, 2021).

⁹¹ *Imperial Group plc v. Philip Morris Ltd.* (1982) F.S.R. 72 (CA) (Eng.).

⁹² *Supra* note 92.

requirements. The efficacy of surveys could be improved considerably through what is typically called a “double blind” research method, in which neither the interviewers nor the respondents know the ultimate purpose of the survey.⁹³

Another possible option, which would be ideal and truly unbiased, is that of a court appointed surveyor or a court ordered survey. A court ordered survey is a type of survey, that while not prevalent in most jurisdictions (in respect of Trademark Disputes), has seen implementation in Italy. This could be a possible alternative, to preventing richer plaintiffs from swaying courts with market surveys and analytics. In *O2 Ltd v Hutchinson 3G Ltd*,⁹⁴ case management directions were given at an interim stage of the suit, requiring the parties to seek the directions of the court as to the scope or methodology of any proposed consumer survey that the parties may desire to put in evidence at trial.⁹⁵

Another practice in Italy allows for the assignment of a Court Expert to the task of carrying out an opinion poll. In these circumstances, the Judge may determine the scope of the inquiry, as well as the target audience for the survey and the relevant period of time in which the survey will be carried out.⁹⁶ While this seems to be in line with the CJEU’s approach, there is a body of Italian law that considers this type of evidence inadmissible, as the results of such a survey would negate the need for an assessment to be carried out by the Judge, as the Court Expert would in practice be substituting the Judge in his power to decide the matter.⁹⁷ However, a mediated survey, conducted by a neutral court appointed survey expert, should reduce the overall cost of litigation, with less discovery and shared costs, and should also reduce the risk of a “losing” position by providing an objective evaluation of the market place.⁹⁸

Surveys can be employed in a wide range of trademark disputes - including passing-off, deceptive similarity, acquisition of distinctiveness, trade-dress infringement, etc. This practice of appointing experts for investigations on IP issues is not novel but has been employed previously by the IPAB-Intellectual Property Appellate Board. For instance, in *Fresenius Kabi Oncology Limited v*

⁹³ Kent D Van Liere & Sarah Butler, *Emerging Issues in the Use of Surveys in Trademark Infringements on the Web* 1, 6 (Sep. 20-21, 2007) (unpublished working paper) (on file with NERA Economic Consulting) 1, 6.

⁹⁴ *O2 Ltd v. Hutchinson 3G Ltd*. [2006] EWHC 601 (Eng.).

⁹⁵ Kate Swaine et. al., *The Value and Treatment of Survey Evidence in Different Jurisdictions*, 100 TRADEMARK REP. 1373, 1378 (2010).

⁹⁶ *Id.*

⁹⁷ *Id.*

⁹⁸ Phyllis J. Welter, *A Call to Improve Trademark Survey Evidence*, 85 TRADEMARK REP. 205, 210 (1995).

Glaxo Group Limited and Anr.,⁹⁹ the IPAB observed, in respect of patent disputes, that when parties furnish expert evidence, predictably the opposite side attacks the evidence as well as the expert. This problem would be obviated by the appointment of a court expert.

C. Alternative Modes of Evidence

While surveys are important in their function, the discussion on acquired distinctiveness cannot end there. Lisa Ouellette makes an interesting argument that has gained considerable attention in recent years. The author tries to make an argument for using Google search results as evidence of a mark having acquired distinctiveness.¹⁰⁰ The author first explains that a survey indicates consumer preferences and records how they perceive a certain mark. Sufficient data within these surveys that support the proposition that they do in fact associate the descriptive or generic mark in question as the single source of a particular product is considered strong evidence to determine acquired distinctiveness.¹⁰¹

Highlighting the cost and logistical constraints that befalls a survey, the author uses the same principle of consumer preferences and transports it to a medium where these preferences are increasingly being reflected, namely Google and other search engines. The argument relies on the concept of trademark strength to suggest that if a mark is distinctive or has acquired distinctiveness, then the top search results should relate to that mark. This becomes increasingly relevant in the context of how the internet and various service providers are rapidly changing the way consumers respond to products and their producers. There is a visible shift of the market as traditionally understood and used in analysing trademark law to a market that now exists without physical boundaries and that operates in a completely electronic interface.¹⁰² This must, however be approached with caution, especially in a country like India where internet penetration reaches only 40% of the population as of 2020.¹⁰³

While the argument is certainly novel it isn't improbable. In *Aegon Life insurance Company Ltd. v Aviva Life insurance Company*,¹⁰⁴ where the Bombay HC was considering a dispute concerning

⁹⁹ *Fresenius Kabi Oncology Limited v. Glaxo Group Limited*, [2013] IPAB 116 (India).

¹⁰⁰ Lisa Larrimore Ouellette, *The Google Shortcut to Trademark Law*, 102 CALIF. L REV. 351, 353 (2014).

¹⁰¹ *Id.* at 363.

¹⁰² Caroline Mrohs, *How Many Likes Did It Get? Using Social Media Metrics to Establish Trademark Rights*, 25 CATH. U. J. L. & TECH. 154 (2017).

¹⁰³ INTERNET AND MOBILE ASS'N OF INDIA, *India Internet 2019* (2019), <https://cms.iamai.in/Content/ResearchPapers/d3654bcc-002f-4fc7-ab39-e1fbeb00005d.pdf>.

¹⁰⁴ *Aegon Life insurance Company Ltd. v. Aviva Life insurance Company*, 2019 (80) PTC 1 (Bom.) (India).

passing off, the plaintiff provided evidence in the form of ‘Google-trends’ report as speaking to the significant use of that term reflected through Google search, or lack thereof. This is important because of how the report was produced as evidencing clear and consistent use. While the court did not accept the submission made, the rejection of the argument had to do with the conclusion that was sought to have arrived through it and not the evidence in and of itself. The judgment refers to the Google trends report at various instances and never showing any doubt to its admissibility as evidence. This could be taken as an implicit acceptance of such evidence and the willingness of the court to consider evidence based on Google searches.

VI. CONCLUSION

A position in trademark law grounded on faulty assumptions about how consumers interact with trademarks can distort markets for marked-bearing goods.¹⁰⁵ In light of the apparent faults in a long-standing system that has seen little reform, it becomes important to look to more accessible and accurate indicators of determining acquired distinctiveness. In the absence of a discernible perfect model, the survey alternative comes closest to achieving the objectives that must characterize the Trademark regime on distinctiveness going forth. Consumer Surveys are not perfect, whichever mode they may be conducted in.¹⁰⁶ However, they bring some semblance of objectivity into the subjective notion of consumer perception and are by far the most effective of the factors that have been considered by Courts up until now. Data collection today has developed enough to be sufficiently reliable and can become only more effective in the future. Widespread use of this method is possible only with encouragement from courts, the beginnings of which we have already seen, in circumstances where courts have expressly noted the absence of surveys, or where they have placed heavy reliance on them. There is a need for this to be the prevalent norm rather than the exception.

¹⁰⁵ Linford, *supra* note 86, at 23.

¹⁰⁶ Kritika Bharadwaj, *Internet Surveys in Trademark Litigation Option A-Yes, Option B-No*, BLOOMBERG LAW (Aug. 26, 2011, 9:30 AM), <https://news.bloomberglaw.com/ip-law/internet-surveys-in-trademark-litigation-option-ayes-option-bno>.

STAND-UP COMEDY: NEGATIVE SPACE OR TRADITIONAL IP WORTHY?

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ABSTRACT

Social media has brought a change in the way that jokes are consumed by audiences all over the world. The social norms-based system that effectively regulated the comedy industry a decade ago no longer fulfils its objective. For an industry thriving in the negative spaces of intellectual property, the dawn of the digital era has unleashed new challenges and possibilities. The appearance of various social media platforms and extra-community players has catapulted the issue of joke theft. This article advocates the shift of the stand-up comedy industry from the negative space realm to some form of exclusivity. It discusses the means of legal protection, for the content as well as the live performance of jokes. The applicability of the copyright regime to the comedy industry is delineated under the heads of originality, fixation, idea-expression dichotomy and fair use.

The article submits that the absence of jurisprudence related to joke theft, despite the lack of doctrinal barriers, can be attributed to the existence of practical barriers. Further, it differentiates between the level of protection given to one-liners and point-of-view, narrative jokes. Then, it goes on to reflect upon solutions, in practice and proposed, in order to overcome the practical barriers to copyright protection. The solutions look to combine the advantages of the social norms-based system along with those of the formal intellectual property rights system. In doing so, it seeks to protect the legitimate interests of the comedians as well as the viability of the comedy industry.

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(This article is an expanded and improved version of the author's entry in the 1st Shamnad Basheer IP Essay Competition, 2020 organized by SpicyIP, which was awarded the second prize).

I. INTRODUCTION

Josh Ostrovsky, well-known on social media as ‘The Fat Jew’, has successfully garnered over 10.3 million followers¹ on Instagram by stealing jokes.² Another mega-popular joke thief with 15.7 million Instagram followers³ is Elliot Tebele, better known as ‘FuckJerry’.⁴ With the advent of social media, joke theft has become increasingly prevalent in the last decade.⁵ Comedy has existed in the negative spaces of intellectual property (“IP”), functioning through a social norms-based system.⁶ The utilitarian justification⁷ for IP fails in the area of negative spaces where, despite the absence of IP protection, “competition, innovation, and investment...remain vibrant”.⁸ Essentially, negative spaces are areas of IP where innovation thrives even in the absence of legal protection. The industries that exist in IP’s negative spaces are termed as “low-IP equilibrium”⁹ industries, and they include fashion,¹⁰ cuisine,¹¹ and even sports.¹² Certain industries fall within this category as they cannot protect their creations under the applicable law, while other industries prefer not to seek protection by choice. According to Rosenblatt, stand-up comedy falls in the category of IP forbearance within negative spaces.¹³ IP forbearance means that the creators are eligible for IP protection, but forego their rights by refusing to register their creation or by deciding not to pursue its infringement.¹⁴

The fashion industry is an example of a low-IP equilibrium industry. Raustiala and Sprigman have explained that the “fashion cycle” is the reason behind the fashion industry’s existence in

¹ Josh Ostrovsky, *The Fat Jewish (@thefatjewish)*, INSTAGRAM, <https://www.instagram.com/thefatjewish/> (last visited May 10, 2021).

² Megh Wright, *How the #FuckFuckJerry Movement Was Born*, N.Y. MAGAZINE: VULTURE (Feb. 6, 2019), <https://www.vulture.com/2019/02/fuck-jerry-instagram-comedians-unfollow-campaign-elliott-tebele.html>.

³ FuckJerry (@fuckjerry), INSTAGRAM, <https://www.instagram.com/fuckjerry/> (last visited May 10, 2021).

⁴ Nick Statt, *Fuckjerry founder apologizes for stealing jokes and pledges to get creator permission*, THE VERGE (Feb. 2, 2019, 4:38 PM), <https://www.theverge.com/2019/2/2/18208446/fuckjerry-elliott-tebele-meme-joke-aggregator-repost-new-policy-change>.

⁵ Hannah Pham, *Standing Up for Stand-Up Comedy: Joke Theft and the Relevance of Copyright Law and Social Norms in the Social Media Age*, 30(1) FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 55, 66 (2019).

⁶ Dotan Oliar & Christopher Sprigman, *There’s No Free Laugh (Anymore): The Emergence of Intellectual Property Norms and the Transformation of Stand-Up Comedy*, 94(8) VA. L. REV. 1787, 1790 (2008).

⁷ *Golan v. Holder*, 565 U.S. 302, 348-349 (2012).

⁸ Kal Raustiala & Christopher Sprigman, *The Piracy Paradox: Innovation and Intellectual Property in Fashion Design*, 92(8) VA. L. REV. 1687, 1689 (2006).

⁹ *Id.* at 1764.

¹⁰ *Id.* at 1687-1776.

¹¹ J. Austin Broussard, *An Intellectual Property Food Fight: Why Copyright Law Should Embrace Culinary Innovation*, 10 VAND. J. ENT. & TECH. L. 691 (2008).

¹² F. Scott Kieff et al., *It’s Your Turn, but It’s My Move: Intellectual Property Protection for Sports Moves*, 25 SANTA CLARA COMP. & HIGH TECH. L. J. 765, 766, 774-76 (2009).

¹³ Elizabeth L. Rosenblatt, *A Theory of IP’s Negative Space*, 34(3) COLUM. J. L. & ARTS 317, 323-324 (2011).

¹⁴ *Id.* at 324.

IP's negative space.¹⁵ They believe that the industry benefits from a combination of two systems – “anchoring” and “induced obsolescence”.¹⁶ In anchoring, trends are formed as a result of the copying of designs and induced obsolescence ensures the market is saturated with the copied designs.¹⁷ This makes the designs unstylish and creates demand for new designs in the market.¹⁸ In comedy, once a stolen joke has been heard by the audience, it cannot be used again and, hence, is of no value to its creator. The intellectual labour invested by the comedian is in vain and he/she does not receive any credit or money for it. The copying of designs works in favour of the fashion industry. However, the stealing of jokes discourages creativity in the comedy industry.

The online distribution of unauthorized copies may result in a paradigm shift for the comedy industry – from its existence in IP's negative space to protection under its laws. This article seeks to study the prevailing norms-based system and examine its adequacy in the social media age – within and outside the industry. The eligibility requirements for copyright protection are evaluated for the jurisdictions of the United Kingdom (“UK”), United States (“US”) and India, in order to determine their applicability to stand-up comedy. The reasons for the selection of these specific countries are – first, they are common law countries, and second, the opportunities available in the comedy industry and the industry's increasing popularity.¹⁹ The article considers various solutions for the protection of the comedians' IP and proposes a solution that is simple, affordable, timely and does not require the registration of a copyright. This is done by analysing the available empirical and doctrinal literature.

II. SOCIAL NORMS-BASED SYSTEM

The stand-up comedy industry has existed in IP's negative spaces and is regulated by an informal, social norms-based system. The author contends the efficacy of social norms in the social media age and analyses its effect within and outside the comedy industry.

¹⁵ Raustiala & Sprigman, *supra* note 8, at 1722.

¹⁶ *Id.* at 1718-32.

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ Kunal Doley, *Laugh affair: Stand-up comedy, a serious business in India*, FIN. EXPRESS (Mar. 26, 2017, 2:54 AM), <https://www.financialexpress.com/lifestyle/laugh-affair-stand-up-comedy-a-serious-business-in-india/602611/>; Ariel Shapiro, *The Highest-Earning Stand-Up Comedians of 2019*, FORBES (Aug. 16, 2019, 6:00 AM), <https://www.forbes.com/sites/arielshapiro/2019/08/16/the-highest-earning-stand-up-comedians-of-2019/#b86ff8142fa6>.

A. Within the Industry

The principle that “[t]hou shalt not covet thy neighbour’s jokes, premises, or bits” is a fundamental norm of stand-up comedy.²⁰ An accusation of joke theft is taken quite seriously by comedians. Conan O’Brien immediately defended himself and explained his position after settling a case filed against him by another comedian, stating that “[s]hort of murder, stealing material is the worst thing any comic can be accused of”.²¹ Reputation is an important asset in the stand-up community, the depletion of which could lead to the downfall of a comedian’s career and hence, norms act as effective deterrents.²²

Oliar and Sprigman believe that, in stand-up comedy, social norms act as a substitute for formal IP protection.²³ The comedians form a small community, and regulate the industry through a mechanism consisting of theft detection, negotiation and enforcement by means of social sanctions.²⁴ This system grants them control over their jokes, allowing them to regulate its “use and transfer, impose sanctions on transgressors, and maintain substantial incentives to invest in new material”.²⁵ These norms are not “merely hortatory”, and are enforced by means of extra-legal sanctions ranging from “simple badmouthing” to “refusals to work” to, in very rare instances, “actual, physical violence”.²⁶ They argue that norms-based sanctions are enough to regulate the comedy industry, as these sanctions are capable of causing serious harm to the reputation of a comedian and could possibly have disastrous effects on their career.²⁷ The “intra-community players”, which include comedians, club owners, comedy room managers, writers and agents, are responsible for self-regulating this industry.²⁸

In comparison to copyright law, the operation of the right to joint ownership differs under the norms-based system.²⁹ If a joke has been created by collaboration between two comedians – wherein one person has a premise and the other suggests the punchline, then under the norms-

²⁰ JUDY CARTER, *THE COMEDY BIBLE: FROM STAND-UP TO SITCOM—THE COMEDY WRITER’S ULTIMATE HOW TO GUIDE* 56 (2001).

²¹ Conan O’Brien, *Conan O’Brien: Why I Decided to Settle a Lawsuit Over Alleged Joke Stealing*, VARIETY (May 9, 2019, 1:30 PM), <https://variety.com/2019/biz/news/conan-obrien-jokes-lawsuit-alex-kaseberg-settlement-1203210214/>.

²² Oliar & Sprigman, *supra* note 6, at 1815.

²³ *Id.* at 1790.

²⁴ *Id.* at 1813-1815.

²⁵ *Id.* at 1791.

²⁶ *Id.*

²⁷ *Id.*

²⁸ Pham, *supra* note 5, at 60.

²⁹ Oliar & Sprigman, *supra* note 6, at 1825.

based system, the ownership of the joke would vest with the comedian that came up with the premise.³⁰ The reason behind comedians' preference of single ownership over joint ownership is that if two people own a joke and use it in their individual comedy acts, the other comedians would incorrectly assume that one of them has stolen the joke and the norms-based sanctions would be wrongly imposed against that comedian.³¹ In case of jokes that have been sponsored, under copyright law, the ownership vests with the sponsoring party provided the writer and buyer have an employer-employee relationship or the buyer has commissioned the work.³² However, under the norms-based system, the basis of ownership is quite simple – ownership vests with the party that has paid for the joke and the ownership would vest with the buyer irrespective of whether the conditions required for sponsorship have been fulfilled.³³

The rationale for comedians' preference of norms-based system over the traditional copyright regime is that it is cheaper and customisable, i.e., the norms can be changed with time according to the pace of development of the industry.³⁴ Although there have been a few instances of joke theft, they have doomed the stealing comedian's career.³⁵ Hence, the intra-community system of norms has been successful in preventing joke theft within the industry by providing “a strict injunction against joke stealing.”³⁶

B. Outside the Industry

Evidently, social norms effectively control appropriation within the stand-up community. The challenge arises with respect to third parties existing outside the community.³⁷ The term ‘third parties’ refers to joke aggregators and social media users who post stolen jokes online. Joke aggregators are individuals or corporations who collect jokes and then distribute them online, the jokes are usually posted as “plain text or an image of the text without attribution.”³⁸ The norms system is ineffective against outsiders as social sanctions like getting a bad reputation, loss of

³⁰ *Id.*

³¹ *Id.* at 1825-1826.

³² *Id.* at 1827.

³³ *Id.*

³⁴ Trevor Gates, *Providing Adequate Protection for Comedians' Intellectual Creations: Examining Intellectual Property Norms and "Negative Spaces"*, 93 *Or. L. Rev.* 801, 816 (2015).

³⁵ Dan Nancarrow, *Oops. He did it again: Rip-Off comic plunders joke about plagiarism*, THE SYDNEY MORNING HERALD (June 29, 2011, 12:22 PM), <https://www.smh.com.au/entertainment/tv-and-radio/oops-he-did-it-again-ripoff-comic-plunders-joke-about-plagiarism-20110629-1gq1d.html>.

³⁶ Oliar & Sprigman, *supra* note 6, at 1812.

³⁷ Jeremy A. Schachter, *That's My Joke . . . Art . . . Trick!: How the Internal Norms of IP Communities Are Ineffective Against Extra-Community Misappropriation*, 12 *VA. SPORTS & ENT. L.J.* 63, 64 (2012).

³⁸ Pham, *supra* note 5, at 57.

esteem, and expulsion do not affect them to the same extent as they would a fellow comedian.³⁹ The increased popularity of social media, in addition to a bare requirement of resources – a computer and an internet connection, along with its ability to reach a worldwide audience are some of the factors that have made joke theft common. Joke theft is usually committed by extra-community players for gaining popularity and money.

On social media, reputation is inconsequential, and it is exposure that matters.⁴⁰ In the comedy industry, social media can be used for making a comedian's career but this unauthorised posting may also destroy their career.⁴¹ Comedians had even started a campaign against Elliot Tabele called “#fuckfuckjerry”, urging people to unfollow him on social media, but it was unsuccessful and he still continues to have a strong social media following.⁴² Clearly, the extra-community players do not have the same motivations that comedians do, nor are they guided by the same principles. Thus, the norms-based system is ineffective against them.

III. COPYRIGHT PROTECTION OF JOKES

Copyright law confers upon the author(s) of IP certain economic and moral rights and the economic rights can be assigned to third parties by the author.⁴³ In *Diamond v. Chakrabarty*,⁴⁴ the grant of exclusive rights is justified on the basis of the underlying presumption that people need to be incentivised for their intellectual labour. The progress of civilisation is dependent upon creativity, and by providing copyright protection to creators, “an atmosphere conducive to creativity” is ensured.⁴⁵ IP rights are the most suitable way “to advance public welfare”.⁴⁶

The eligibility for IP protection of stand-up comedy– content as well as the performance –is discussed in this part of the article. The content of jokes and routines is suitable for protection as literary work, while their performance can be protected under performers rights. The prerequisites for copyright protection are originality, fixation and satisfaction of the idea-

³⁹ Gates, *supra* note 34, at 817.

⁴⁰ Pham, *supra* note 5, at 64.

⁴¹ *Id.* at 62.

⁴² Wright, *supra* note 2; FuckJerry, *supra* note 3.

⁴³ WORLD INTELLECTUAL PROP. ORG., UNDERSTANDING COPYRIGHT AND RELATED RIGHTS 4 (2nd ed. 2016).

⁴⁴ *Diamond v. Chakrabarty*, 447 U.S. 303, 307 (1980).

⁴⁵ DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, MINISTRY OF COMMERCE AND INDUSTRY, GOVERNMENT OF INDIA, A HANDBOOK OF COPYRIGHT LAW (last visited May 10, 2021), <http://copyright.gov.in/Documents/handbook.html>.

⁴⁶ *Mazer v. Stein*, 347 U.S. 201, 219 (1954).

expression dichotomy.⁴⁷ Additionally, it is examined whether the jokes fall within the fair use exception, as this would act as a barrier to copyright protection. The performers' rights would cover the timing, delivery and performance of jokes during live performances. In India, the market for stand-up comedy is emerging, while in UK and US it is well-established.⁴⁸ Relevant case laws have also been analysed with the intention of comprehending the courts' position with regard to copyright protection for jokes.

A. Originality and Fixation

Originality is a fundamental principle of copyright law. However, the standard of originality required for copyright protection differs across various jurisdictions. Fixation means the expression of a work in a tangible medium and, due to the manner in which jokes are created – by writing it down or by recording a video, this requirement is readily fulfilled.⁴⁹ This section studies the standard of originality required in the UK, India and the US.

1. United Kingdom

Section 1(a) of the Copyright, Designs and Patents Act, 1988 (“CDPA”) sets out the originality requirement and Section 3(2) states that an original work would not be protected by copyright laws unless it is fixed. In the UK, creativity is not an essential requirement for originality,⁵⁰ and in *Walter v. Lane*, the House of Lords held that the conditions for originality are met when labour, skill and judgement are used for creating a work.⁵¹ This is termed as the ‘sweat of the brow’ doctrine. In *Infopaq International A/S v. Danske Dagblades Forening*, the European Court of Justice’s (“ECJ”) found an eleven-word newspaper extract to be eligible for copyright protection.⁵² By interpreting and clarifying the originality requirement under the InfoSoc Directive,⁵³ in *Infopaq*

⁴⁷ DAVID VAVER, PRINCIPLES OF COPYRIGHT – CASES AND MATERIALS 14 (2002), https://www.wipo.int/edocs/pubdocs/en/copyright/844/wipo_pub_844.pdf.

⁴⁸ Anubhav Pal, *Lets Laugh Uncensored: The Rise and Rise of Stand-Up Comedy in India*, NEWS18 (Oct. 14, 2018), <https://www.news18.com/news/movies/lets-laugh-uncensored-the-rise-and-rise-of-stand-up-comedy-in-india-1908119.html>.

⁴⁹ Pham, *supra* note 5, at 73.

⁵⁰ *University of London Press v. University Tutorial Press*, [1916] 2 Ch 601 (Eng.).

⁵¹ *Walter v. Lane*, [1900] AC 539 (HL) (Eng.).

⁵² Case C-5/08, *Infopaq Int'l A/S v. Danske Dagblades Forening*, 2009 E.C.R. I-06569.

⁵³ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society O.J. (L 167) 10.

the ECJ harmonised the originality threshold across the European Union (“EU”).⁵⁴ Additionally, the ECJ also relied on a few other Directives for its decision.⁵⁵ The court held that copyright applies “only in relation to a subject-matter which is original in the sense that it is its author’s *own intellectual creation*.”⁵⁶ Pre-Brexit, the InfoSoc Directive had been implemented by all EU member states and thus, the *Infopaq* standard replaced UK’s traditional skill and labour test. The new standard has been followed in *Newspaper Licensing Agency*⁵⁷ and *SAS Institute*⁵⁸.

Initially, UK had the lowest standard for originality requirement when compared to the US and India, but the *Infopaq* case has probably increased that threshold.⁵⁹ After Brexit, the UK is not required to follow the ECJ’s rulings and hence, it is unclear whether the *Infopaq* standard will continue to be followed.⁶⁰ In UK, copyright attaches to a work automatically after it has been created and registration is not mandatory for filing an infringement lawsuit.⁶¹

2. India

In India, Section 13(1) of the Copyright Act, 1957 (“Copyright Act”) grants copyright protection to ‘original’ literary works. The standard of originality required in India can be appreciated by examining the Supreme Court’s ruling in *Eastern Book Company v. D.B. Modak*.⁶² The Court adopted a middle path between the US’ high⁶³ and the UK’s⁶⁴ low standard for originality, and instead relied on the Supreme Court of Canada’s judgement in *CCH Canadian v. Law Society of Upper Canada* (“CCH Canadian”).⁶⁵ The Indian Court stated that “novelty or invention or

⁵⁴ Scott Woodard, *Who Owns a Joke? Copyright Law and Stand-Up Comedy*, 21 VAND. J. ENT. & TECH. L. 1041, 1047 (2019).

⁵⁵ Directive 2006/116 on the term of Protection of Copyright and certain Related Rights [2006] OJ (L372) 12; Directive 91/250 on the Legal Protection of Computer Programs [1991] OJ (L122) 42; Directive 96/9 on the Legal Protection of Databases [1996] OJ (L77) 20.

⁵⁶ *Infopaq*, *supra* note 52.

⁵⁷ *Newspaper Licensing Agency Ltd. v. Meltwater Holding BV*, [2011] EWCA (Civ) 890 (Eng.).

⁵⁸ *SAS Institute v. World Programming Limited*, [2013] EWCA Civ 1482.

⁵⁹ Theo Savvides & Sean Ibbetson, *Brexit and copyright law: will the English courts revert to the ‘old’ test for originality?*, Kluwer Copyright Blog (Dec. 5, 2016), <http://copyrightblog.kluweriplaw.com/2016/12/05/brexit-copyright-law-will-english-courts-revert-old-test-originality/>.

⁶⁰ *Id.*

⁶¹ Phil Sherrell & Abbas Lightwalla, *United Kingdom*, in COPYRIGHT 2020, 161 (6th ed. 2020), <https://www.twobirds.com/~media/pdfs/country-chapter.pdf?la=en&hash=90D9541A76B62A6945AF4A6F26DBCE535CDC9651>.

⁶² *Eastern Book Co. v. D.B. Modak*, AIR 2008 SC 809 (2007) (India).

⁶³ *Feist Publications v. Rural Telephone Service Co.*, 499 U.S. 340, 346 (1991).

⁶⁴ *University of London Press v. University Tutorial Press* [1916] 2 Ch 601 (Eng.).

⁶⁵ *CCH Canadian Ltd. v. Law Society of Upper Canada*, [2004] 1 S.C.R. 399 (Can.).

innovative idea” is not required for copyright protection, but a “*minimal degree of creativity*”⁶⁶ is required. It further held that a work should not be “*the product of merely labour and capital*”.⁶⁷ This effectively discarded the English ‘sweat of the brow’ doctrine that was being followed previously. The other prerequisite for copyright protection is fixation,⁶⁸ although it is not statutorily recognised in India. The copyright is vested automatically in the author and the non-registration of a work does not cause any impediment in a copyright infringement lawsuit.⁶⁹

3. United States

The legislation governing the copyright regime in the United States is Title 17 of the US Code. Section 101 of the Code provides that fixation should be “sufficiently permanent or stable” so that it can be “perceived, reproduced or otherwise communicated” for a period which is not “transitory”. Section 102 of the Code specifies the requirement of originality. In *Feist Publications v. Rural Telephone Service*, the Supreme Court of United States specified a two-step test for originality – first, the author should independently create the work and second, the work should possess a “minimal degree of creativity.”⁷⁰ For registration of “jokes and other comedy routines”, section 420.02(i) in Compendium II of Copyright Practices states that they should contain “*at least a certain minimum amount of original expression in tangible form.*” Thus, the standard required for originality is a ‘modicum of creativity’.⁷¹ In US, although copyright registration is not required for protection under the law, it is necessary for bringing a suit for copyright infringement.⁷²

In US, the threshold for originality is higher than the threshold in India. The Court in *CCH Canadian* found the US standard of originality to be high, as the standard implies that a work should be novel or non-obvious.⁷³ The Indian Supreme Court agreed with the *CCH Canadian* judgement, and held that a work would be eligible for copyright protection if it is not the result

⁶⁶ Eastern Book Co., *supra* note 62.

⁶⁷ *Id.*

⁶⁸ Aprajita Nigam & Dheeraj Kapoor, *India*, in COPYRIGHT 2020 48 (6th ed. 2020), https://www.lexorbis.com/pdf/COP20_Chapter-9-India.pdf.

⁶⁹ *Id.*

⁷⁰ Feist Publications, *supra* note 63.

⁷¹ *Id.*

⁷² David Donahue & Jason Jones, *USA*, in COPYRIGHT 2020, 167 (6th ed. 2020).

⁷³ CCH Canadian, *supra* note 65.

of only capital and labour, but involves the exercise of skill and judgement.⁷⁴ In essence, the level of creativity required for a work to be considered original in India is lower than the US.

Comedians' jokes are eligible for copyright protection as they are capable of fulfilling the originality and fixation requirement. Hence, there exists no doctrinal barrier to copyright protection.

B. Idea-Expression Dichotomy

The idea-expression dichotomy is a fundamental principle of copyright law. It means that “copyright protection shall extend to expressions and not to ideas.”⁷⁵ This principle was recognised in the case of *Baigent v. Random House*⁷⁶ in the UK, in *R.G. Anand v. Delux Films*⁷⁷ in India and in *Baker v. Selden*⁷⁸ in the US. The satisfaction of the idea-expression dichotomy is essential for a joke to be protected under copyright law.

Woodard, referring to *Oliar and Sprigman*,⁷⁹ observed that, even when comedians utilise facts, they can protect their “individualized expression”.⁸⁰ The comedians' work could be protected under the idea-expression dichotomy by “conceptualisation”.⁸¹ This occurs when comedians take a common idea and make their own story based on that idea along with the creation of their own dialogue, pacing and delivery.⁸² In *Foxworthy v. Custom Tees* (“Foxworthy”), while referring to the idea-expression dichotomy, the Court explained that “...two entertainers can tell the same joke, but neither entertainer can use the other's combination of words” and held that the arrangement of words by the plaintiff is enough to constitute the plaintiff's expression.⁸³ This judgement brings out the point that each comedian can protect their jokes due to their individualised expression, even when there are other jokes with a similar premise. The copyright protection of jokes with a similar premise should not be problem within the comedy community, as generally comedians themselves refrain from stealing another comedians' jokes due to fear of reputational

⁷⁴ *Eastern Book Co.*, *supra* note 62.

⁷⁵ Agreement on Trade-Related Aspects of Intellectual Property Rights art. 9(2), Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299.

⁷⁶ *Baigent v. Random House Group Ltd.*, [2006] EWHC (Ch) 719 (Eng.).

⁷⁷ *Anand v. M/s Delux Films*, [1979] 1 SCR 218 (1978) (India).

⁷⁸ *Baker v. Selden*, 101 U.S. 99, 104 (1880).

⁷⁹ *Oliar & Sprigman*, *supra* note 6, at 1822.

⁸⁰ Woodard, *supra* note 54, at 1052-1053.

⁸¹ *Id.* at 1053.

⁸² *Id.*

⁸³ *Foxworthy v. Custom Tees, Inc.*, 879 F. Supp. 1200, 1218-19 (N.D. Ga. 1995).

loss. If two comedians independently create jokes with a similar premise, their jokes would both be protected under copyright law. Thus, protection of individualised expression solves the problem of meeting the doctrinal barrier of the idea-expression dichotomy.

Pham⁸⁴ refers to *Kaseberg v. Conaco* [“Kaseberg”], wherein it was stated with respect to the jokes in question, that they were “constrained by their subject matter and the conventions of the two-line, setup-and-delivery paradigm”⁸⁵ and hence, entitled to a thin copyright protection.⁸⁶ The standard of “virtual identity” is applied when there is a narrow range of expression,⁸⁷ such as in case of two-line jokes. Virtual identity means that either the reproduction is verbatim or a close paraphrase.⁸⁸ Thus, in case of jokes with a narrow range of possible expression, thin copyright protection would be given, i.e., infringement would only be found when the copy is closely paraphrased or verbatim.

So far, courts have only had the opportunity to apply copyright law to “one-liner” and “two-liner” jokes but “point-of-view narrative” jokes that are more prevalent today are yet to be examined by them. They would probably be entitled to a broader protection under copyright law, as the range of possible expression is wider.⁸⁹ Protection for point-of-view narrative jokes could extend to jokes that have not been copied verbatim and Pham hopes that the “substantial similarity” test will be applied for the determination of joke theft.⁹⁰ Substantial similarity is a difficult, fact-intensive inquiry and there are various tests for ascertaining it, such as the Lay Observer test, Extrinsic-Intrinsic test, Abstraction-Filtration-Comparison test. In case of comedy, the determination of substantial similarity might be further complicated due to the existence of both literary and performance aspects.

Appropriation of jokes on social media is usually verbatim and hence, the courts’ present application of copyright law to jokes in a narrow manner would probably be adequate for the prevention of joke theft among extra-community players.⁹¹

⁸⁴ Pham, *supra* note 5, at 75.

⁸⁵ *Kaseberg v. Conaco, L.L.C.*, 260 F. Supp. 3d 1229, 1245 (S.D. Cal. 2017).

⁸⁶ *Id.* at 1257.

⁸⁷ *Apple Computer, Inc. v. Microsoft Corp.*, 821 F. Supp. 616, 625 (N.D. Cal. 1993).

⁸⁸ *Id.*

⁸⁹ Hannah Pham, *Intellectual Property in Stand-Up Comedy: When #Fuckfuckjerry is not Enough*, 33 HARV. J. OF L. & TECH. 1, 3-4 (2020).

⁹⁰ *Id.* at 3-5.

⁹¹ *Id.* at 4.

C. Fair Use Exception

A common defence to copyright infringement is fair use or fair dealing. Fair dealing and fair use are not synonymous and fair dealing is narrower than fair use. Fair use defence is available in the US, while fair dealing is followed in the UK and India.⁹² In the UK, fair dealing is dealt with in Sections 29 and 30 of CDPA and it is stipulated that the use of a literary work for criticism or review, reporting current events or for private use constitutes fair dealing. The factors that the courts found relevant for the determination of fair dealing are – first, whether the use of a work affects the market in such a way that the owner loses revenue, and second, whether the amount of work that has been taken is reasonable.⁹³ In India, Section 52(1)(a) of the Copyright Act⁹⁴ contains fair dealing provisions and they are similar to that of the English copyright law. A two-pronged test was prescribed in *Blackwood v. Parasuraman* [“Blackwood”] for determining whether an act amounted to copyright infringement – first, the intention to derive financial benefits from the use of the work, and second, the motive of the infringer being improper.⁹⁵

In the US, Section 107 of Title 17 of the US Code,⁹⁶ provides for⁹⁷ the four-factor test for determination of copyright infringement – purpose and character of use, nature of work, quantity and substantiality of the part used and its effect on the potential market for the work. Joke theft generally affects the financial incentives of the comedian and hence, the fair use defence should fail because of the unfulfillment of the fourth factor. Similarly, in India, the defence of fair use would fail on the grounds specified in *Blackwood* and in the UK, due to the fulfilment of the first condition regarding the effect on the owner’s revenue.

D. Performers’ Rights

Performers infuse life into the works that they are performing and that entitles them to rights in their individual interpretations. Performers’ rights protect the performative aspects of a work and in stand-up comedy, that would be the timing, delivery and performance. Performers’ rights that

⁹² Ishan Sambhar, *India: Concept Of Fair Use And Fair Dealing In Copyright*, MONDAQ (May 13, 2020), <https://www.mondaq.com/india/copyright/930556/concept-of-fair-use-and-fair-dealing-in-copyright>.

⁹³ INTELLECTUAL PROPERTY OFFICE, *Exceptions to copyright*, GOV.UK (June 12, 2014), <https://www.gov.uk/guidance/exceptions-to-copyright#:~:text=An%20exception%20to%20copyright%20exists,access%20to%20the%20work>).

⁹⁴ The Copyright Act, 1957, No. 27, Acts of Parliament, 1957 (India).

⁹⁵ *Blackwood & Sons Ltd. v. Parasuraman*, AIR 1959 Mad. 410 (1958) (India).

⁹⁶ Copyright Act of 1976, 17 U.S.C. §§ 101-1332 (2012).

⁹⁷ *Folsom v. Marsh*, 9 F. Cas. 342, 348 (C.C.D. Mass. 1841) (the factors were laid down in this case).

would be particularly advantageous for comedians are the exclusive right of authorising fixation of a live performance and prevention of communication of live performances to the public.

In the UK, Part II of the CDPA deals with performer's rights. Section 180(2) of CDPA defines the term 'performance' and a stand-up comedy performance could be protected under the category of "recitation of a literary work". The economic rights of performers are listed in Chapter 2 of Part II of CDPA. In India, performers rights are set out under Section 38A of the Copyright Act. Section 2(qq)⁹⁸ of the Act defines the term 'performer' and a comedian could be granted legal protection under it as "any other person who makes a performance". In the US, performers have not been conferred with any statutory protection, but in *Garcia v. Google*,⁹⁹ the Court of Appeals stated that original performances would be entitled to copyright protection. Thus, performers rights are adequately protected, albeit in different ways, under copyright law in the US, and as related rights in the UK and India.

In plays and movies, there are multiple rights involved. The writer, director and performers are all vested with different rights with respect to the same performance. However, in comedy, the same individual writes the content and performs it on stage, which essentially means that the comedian holds the rights for the content as well as the performance. Comedians might be granted weaker protection for their performance as there are not any distinctive performative aspects that would help in differentiating one comic's performance from another.¹⁰⁰ Most comedians wear casual clothes and deliver their jokes in front of the mic without moving around much on the stage.¹⁰¹ Today's point-of-view, narrative jokes reflect the comedian's personality¹⁰² and comedy that is original, creative and personal, might be granted stronger protection for content than performance.

The author believes that it would be wiser for comedians to pursue copyright protection for content rather than performers' rights with respect to their jokes, provided the jokes have already been fixed in some form. Copyright protects the actual work while performers' rights are only capable of protecting the recording of a performance. Also, in US, UK and India, the duration of copyright protection is longer than the duration of protection granted for performers' rights.

⁹⁸ The Copyright Act, 1957, No. 27, Acts of Parliament, 1957 (India).

⁹⁹ *Garcia v. Google*, 786 F.3d 733 (9th Cir. 2015).

¹⁰⁰ Olliar & Sprigman, *supra* note 6, at 1854.

¹⁰¹ *Id.*

¹⁰² *Id.* at 1852.

Nonetheless, in case of improvisations in a live performance, protection of the content might not be possible as it would not have been already fixed and, under those circumstances, performers' rights might be a better solution. Performers' rights would also be a great option for certain forms of comedy such as character comedy, wherein a comedian acts as a certain character that they have created. In this kind of comedy, the comedians generally dress in a costume, speak in a different manner and move around the stage a lot.

E. Jurisprudential Analysis of Joke Theft

Indisputably, there is no doctrinal barrier to copyright protection of jokes. Yet, there are only a few copyright infringement lawsuits in the US and no lawsuits in UK and India. Through the analysis of case laws, this section will facilitate the understanding of the extent of protection that has been granted to jokes by the courts.

In *Hoffman v. Le Traunik*, the court refused the grant of a preliminary injunction and held that the defendant's misappropriation of the plaintiff's monologue did not amount to copyright infringement, as the plaintiff could not prove that the monologue was "original with him".¹⁰³ The court did not comment upon the copyrightability of jokes in general, it merely adjudicated upon the specific monologue in question.

In the case of *Marvin Worth Productions v. Superior Films Corp.*, the question was regarding the copyrightability of certain passages from two books that were authored by Lenny Bruce.¹⁰⁴ The court did not find them eligible for copyright protection and observed that the jokes "involve[d] stock situations" and lacked originality.¹⁰⁵ Additionally, the court also held that the remainder of Bruce's concerned books that consisted of jokes, commentaries and routines, was protected under copyright law.¹⁰⁶

In *Foxworthy*, the defendant had reproduced the plaintiff's jokes on t-shirts for the purpose of selling them; the sole difference was that the plaintiff started his jokes with the phrase "You might be a redneck if..." while the defendant ended with the particular phrase.¹⁰⁷ The judge held

¹⁰³ *Hoffman v. Le Traunik*, 209 F. 375, 379 (N.D.N.Y 1913).

¹⁰⁴ *Marvin Worth Productions v. Superior Films Corp.*, 319 F.Supp. 1269, 1270 (S.D.N.Y. 1970).

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ *Foxworthy*, *supra* note 83, at 1204.

that the plaintiff's work was entitled to copyright protection and that Custom Tees was liable for copyright infringement for the exact replication of those words.¹⁰⁸

In *Kaseberg*, Kaseberg filed a suit against Conan for the infringement of five jokes. The jokes started with a factual statement about a current event and ended with a punchline about it.¹⁰⁹ It was stated that the jokes could only be granted thin copyright protection as “although the punchlines of the jokes are creative, they are nonetheless constrained by the limited number of variations that would (1) be humorous (2) as applied to the specific facts articulated in each joke's previous sentence and (3) provide mass appeal”.¹¹⁰ The parties arrived at a settlement before the trial.¹¹¹

These cases demonstrate that the level of protection afforded to different jokes is different – thin and broad copyright protection. The comedians' lack of recourse to courts in cases of copyright infringement, despite the absence of doctrinal barriers, suggests that it is by choice rather than by design that they prefer not approaching the courts.¹¹²

IV. JOKE THEFT: SOLUTIONS

The absence of doctrinal barriers in the enforcement of copyright does not signify the absence of practical barriers. The cost of registration of a single joke is quite prohibitive. The U.S. Copyright Office charges USD 45 dollars for the registration of a work.¹¹³ In the UK, the cost for registration per work is GBP 42.50 for 5 years or GBP 72.50 for 10 years¹¹⁴ and in India the cost of registration of a literary work is INR 500.¹¹⁵ The amount for registration of each joke is huge, especially when the number of jokes a comedian makes over his lifetime is taken into consideration. Comedians do not prefer approaching the courts because lawsuits are expensive and cumbersome. Another reason is the lack of knowledge about copyright protection.

¹⁰⁸ *Id.* at 1218–19.

¹⁰⁹ *Kaseberg*, *supra* note 85, at 1231.

¹¹⁰ *Id.* at 1245.

¹¹¹ Bill Donahue, *Conan O'Brien Joke Copyright Case Settles On Eve Of Trial*, LAW 360 (May 9, 2019), <https://www.law360.com/articles/1158339>.

¹¹² Pham, *supra* note 5, at 77.

¹¹³ Fees, U.S. COPYRIGHT OFFICE, <http://copyright.gov/about/fees.html>.

¹¹⁴ Price List, UK COPYRIGHT SERVICE, https://copyrightservice.co.uk/services/price_list.

¹¹⁵ Fee Details, COPYRIGHT OFFICE, <https://copyright.gov.in/frmfeedetailsshow.aspx>.

Joke theft by extra-community players has an adverse impact on the comedians' "pecuniary interests", "moral rights" and "personal incentives to create".¹¹⁶ Thus, protection of jokes is essential, and this section explores the different remedies, proposed or available, for preventing joke theft.

A. Copyright Claims Board

In 2020, the Copyright Alternative in Small-Claims Enforcement Act, 2020 was passed in the US and it introduced a Copyright Claims Board. The Board consists of a three-member tribunal and is a great online alternative to approaching the courts for small copyright claims that do not exceed \$ 30,000.¹¹⁷ A claim can only be filed before the Board within three years from the date of copyright infringement.¹¹⁸ This remedy is cost-effective, provides for monetary damages and also allows the filing of a claim before the Board if an application has been filed for the registration of the concerned work.¹¹⁹ In comparison, an infringement suit can be only be filed before a court, if there is a copyright registration for the concerned work. As the remedy is voluntary, opposing parties with deep pockets might refuse to consent to appear before the Board. Infringers have the option to opt out of proceedings within 60 days.¹²⁰

A major concern with the Board is that it can refuse claims filed against persons or companies residing outside the US.¹²¹ This limitation is problematic as, considering the very nature of the Internet, it is quite possible that online infringement may have been done by a person or entity residing abroad. Although no time limit has been set for the disposal of cases, it can be assumed that the resolution would be much faster than in courts. The Board will become operational from December 2021¹²² and at present, it is difficult to predict how effective it will be in safeguarding the comedians' interests.

¹¹⁶ Schachter, *supra* note 37, at 71.

¹¹⁷ *Copyright Claims Board Frequently Asked Questions*, U.S. COPYRIGHT OFF., <https://copyright.gov/about/small-claims/faq.html> (last visited May 8, 2021).

¹¹⁸ *Id.*

¹¹⁹ *Id.*

¹²⁰ *Id.*

¹²¹ *Id.*

¹²² *Id.*

UK has a small claims track under its Intellectual Property Enterprise Court for dealing with IP disputes where the amount of damages claimed is GBP 10,000 or less.¹²³ Thus, the UK already has an IP court for dealing with small claims. In the case of India, it would be impractical to consider the establishment of a separate small claims court for dealing with copyright disputes. The reason behind this is the lack of success of the Intellectual Property Appellate Board (“IPAB”). The IPAB did not function effectively, had many vacancies and also, it did not have a Chairperson for a total of 1,130 days.¹²⁴ The IPAB has recently been abolished through an Ordinance.¹²⁵ Agreed, the IPAB is not a small claims tribunal, however, based on the issues that plagued the IPAB, a conclusion can be safely reached about the feasibility of the establishment of specialised IP tribunals and courts in India.

B. Notice-and-Takedown Procedure

The notice-and-takedown procedure remedy can be presently availed in the US under Section 512 of the Digital Millennium Copyright Act, 1998. In accordance with this provision, a takedown notice is sent by the copyright holder to the online service provider (“OSP”) hosting the infringing content and the provider promptly takes it down. In India¹²⁶ and UK¹²⁷ also takedown notices can be issued by rights owners to intermediaries hosting infringing content. Some platforms like Amazon, eBay have standard online forms for requesting takedown of content, while in other cases notices have to be individually created.¹²⁸

During Pham’s interviews with comedians, she found that this solution was underutilised, as the interviewees were unaware of its applicability and invocation procedure.¹²⁹ This procedure is simple, effective, does not require registration of copyright and the OSPs are required to follow a strict policy against “repeat infringers”.¹³⁰ However, the problem with the remedy is that it does not provide for monetary damages, is not timely and puts the burden of theft monitoring on the

¹²³ *Intellectual Property Enterprise Court*, GOV. UK, <https://www.gov.uk/courts-tribunals/intellectual-property-enterprise-court>.

¹²⁴ Prashant Reddy, *The Case for Shutting Down the Intellectual Property Appellate Board (IPAB)*, SPICYIP (Apr. 15, 2020), <https://spicyip.com/2020/04/the-case-for-shutting-down-the-intellectual-property-appellate-board-ipab.html>.

¹²⁵ Tribunal Reforms (Rationalisation and Conditions of Service) Ordinance 2021.

¹²⁶ Vikrant Rana and Akshay Gupta, *India: Takedown Notice Of Infringing Content Over Internet*, MONDAQ (Mar. 10, 2017), <https://www.mondaq.com/india/copyright/575576/takedown-notice-of-infringing-content-over-internet>.

¹²⁷ Harper James Solicitors, *Copyright infringement and takedown notices* (Apr. 16, 2020), <https://hjsolicitors.co.uk/article/copyright-infringement-and-takedown-notices/>.

¹²⁸ *Id.*

¹²⁹ Pham, *supra* note 5, at 80.

¹³⁰ *Id.* at 79-80.

comedians.¹³¹ This remedy merely supplements the formal copyright regime. If this remedy is properly utilised by the comedians and enforced by the OSPs, it could result in the reduction of joke theft to a certain extent.¹³² This remedy is not very practical, as an individual comedian cannot possibly monitor multiple social media platforms and websites for infringement on a regular basis.

C. Copyright Hub and Digital Joke Exchange

Gates has proposed the creation of a database for joke exchange for the US called “Digital Joke Exchange” (“DJE”)¹³³ based on the Copyright Hub in the UK.¹³⁴ In the Copyright Hub model, creators attach an identifier to their work and then, record this with Copyright Hub, resulting in the linking of the identifier to the information about the work and its owner.¹³⁵ Basically, a plug-in has to be downloaded on the Internet browser and whenever a user wishes to use a certain picture, the plug-in allows them to immediately find out about the owner of the picture, as well as a license can be purchased for it.¹³⁶

Copyright Hub is a non-profit organisation that connects the owners and the buyers and acts as a digital platform for secondary licensing of copyright-eligible work.¹³⁷ At present the licensing through the platform seems to be limited to images and music.¹³⁸ If an owner grants a license to a licensee, such as when an author licenses his book to a publisher for publishing purposes, it is termed as primary licensing. When a licensee grants a further sub-license, it is termed as secondary licensing. Copyright Hub automates the licensing process; for example, if a person finds an image on Google and wishes to use it on their blog, they can just pay the license fees for its usage via Copyright Hub.

It supplements the formal copyright regime in the UK by making the process of licensing for lower-value transactions easier. One of the important reasons for the creation of Copyright Hub was because ownership data was not easily available, as many users “wishing to reuse copyright

¹³¹ *Id.* at 81.

¹³² *Id.* at 80.

¹³³ Gates, *supra* note 34, at 818.

¹³⁴ Richard Hooper, *UK's Copyright Hub: a license to create*, WORLD INTELL. PROP. ORG.: WIPO MAG. (2016), https://www.wipo.int/wipo_magazine/en/2016/02/article_0007.html.

¹³⁵ *FAQ*, THE COPYRIGHT HUB, <http://www.copyrighthub.org/about/faq/>.

¹³⁶ *Id.*

¹³⁷ Hooper, *supra* note 134.

¹³⁸ *Supra* note 135.

content cannot find the rights owner so they either do not reuse the work or they pirate it.”¹³⁹ The platform is not for large transactions involving thousands or millions of pounds, rather it is for the large number of licensing transactions where the licensing fee is not more than a few pounds.¹⁴⁰ The initiative was intended to bridge the data gap and provide a licensing platform connecting the buyer and the owner. The Copyright Hub also seeks to promote copyright education.¹⁴¹

Copyright Hub is not a policing technology.¹⁴² It is a voluntary platform that provides an opportunity to those who illegally download songs or images, because they cannot find the information regarding the owner. Even Open Access content can be linked to the Copyright Hub.

In the UK, the Copyright Hub should also start the licensing of jokes on its platform, wherein jokes could be linked to its owner in various formats like text, video and sound. It should also educate comedians about their rights. The Copyright Hub could help well-intentioned people who wish to license comedic material, but are unable to do so because they cannot find its owner. The platform would certainly help comedians earn additional income. Since this technology does not police joke aggregators, it would help reduce joke theft but only to a limited extent.

Gates has suggested a platform called DJE specifically for comedy that would exist within a larger framework, called the ‘IP Portal’. The DJE is similar in some aspects to the Copyright Hub. The IP Portal would provide information about IP and industry-specific copyright information and it would also function as a gateway for linking users to industry-specific databases.¹⁴³ DJE would allow the registration of comedic material in various formats such as text, video or sound and its primary purpose would be to provide comedians with a licensing platform for the exchange of that material.¹⁴⁴ For a work to be registered under DJE, it should be eligible for copyright protection under the applicable law, i.e., it should fulfil the originality and fixation requirements, and the material could be registered with DJE before, or at most, a year

¹³⁹ *Id.*

¹⁴⁰ *Id.*

¹⁴¹ *Id.*

¹⁴² *Supra* note 135.

¹⁴³ Gates, *supra* note 34, at 818, 824-825.

¹⁴⁴ *Id.* at 819-820.

after its public dissemination.¹⁴⁵ The manner in which this database would function is that the comedians would register their jokes in various formats and each joke would be given “a unique identifying number.”¹⁴⁶ An important part of Gates’ suggestion is that copyright protection should be given by DJE for a period of twenty-five years, rather than the usual author’s life plus seventy years and the reason for this is that when resolving disputes the Arbitral Panel “could take into consideration other factors and circumstances that are generally beyond the scope of U.S. copyright protection.”¹⁴⁷ DJE would not replace the copyright regime, but supplement it and, like Copyright Hub, it would also be controlled by a non-profit organisation.¹⁴⁸ He believes that the information portal would be helpful to comedians even if they decide against using DJE.¹⁴⁹

The IP portal could be a good way for making the comedians aware of their legal rights and, additionally, it could provide information on all the legal routes available to the comedians. The success of a portal such as DJE or Copyright Hub depends upon the number of comedians willing to register their works with it as well as the good intentions of those copying or reproducing the comedians’ work. If introduced, the DJE might be successful in the US. This assumption has been made on the basis of the fact that case laws for copyright infringement of jokes have only been filed in the US. The case laws demonstrate that US comedians are probably more aware of their IP rights and willing to sue in order to defend them.

Additionally, it would be smart to introduce a portal similar to the Copyright Hub and DJE in India, provided the initiative for its creation is undertaken by a well-funded non-profit organisation. In the US, UK and India, a licensing platform could create a lot of value for the comedians. The licensing fee from small transactions tends to add up and more importantly, it would inform the owners and buyers about the comedians’ IP rights.

D. Physical Institutions

Certain US clubs prohibit the members of the audience from photographing or filming stand-up comedy performances in their clubs.¹⁵⁰ A New York club has put up signs as well as declared on

¹⁴⁵ *Id.* at 821-823.

¹⁴⁶ *Id.* at 822.

¹⁴⁷ *Id.* at 823.

¹⁴⁸ *Id.* at 819-820.

¹⁴⁹ *Id.* at 819.

¹⁵⁰ Pham, *supra* note 89, at 13.

the seating cards that if anyone is found recording the performance, they will have to leave the club promptly and no arguments will be entertained.¹⁵¹ It also requires patrons to put their phones in a sealed bag when attending a show.¹⁵² Another US comedy club notified the ticket holders that, if anything is recorded, the recorders would “be subject to all available legal remedies”.¹⁵³ Although not enforceable under the law,¹⁵⁴ this might prove to be more practical in terms of cost-effectiveness and ease than the other options discussed above. The author agrees with Pham in her belief that policies like this would encourage respect for ‘the comedian and the art form’.¹⁵⁵ This solution could be easily introduced in the UK as well as in India. The author submits that this method can only supplement and not replace other remedies, as once a stolen joke has been uploaded online, a separate recourse such as the notice-and-takedown process would have to be undertaken. However, this remedy in conjunction with other remedies will certainly deter joke theft.

V. ANALYSIS

In this section of the article, the author seeks to find a solution for the problem of joke theft by extra-community players. The solution should be capable of preventing a situation of joke theft like the one faced by comedian Jen Lewis, where Tebele was assumed to be the creator of a picture Jen made and gained popularity as well as money from its non-attribution.¹⁵⁶ Although the problem of joke theft is not documented in India and the UK to the same extent as the US, the proposed solution will prevent, to a large extent, the future possibility of such theft. The prevention of joke theft is imperative to ensure that the creators are incentivised for their original work and to protect broader societal interests.

Just like the fashion industry, the comedy industry also exists within the negative space of IP. However, as discussed previously, IP theft affects both industries differently. It works in favour of the fashion industry by creating demand for new designs, it works against the comedy industry

¹⁵¹ *Id.*

¹⁵² *New York's Comedy Cellar Using Phone Lock Up Bags in Regular Shows*, THE INTERRO BANG (Feb. 13, 2019), <https://theinterrobang.com/new-yorks-comedy-cellar-using-phone-lock-up-bags-in-regular-shows/>.

¹⁵³ Reggie Ugwu, *Louis C.K. Is Trying to Outlaw Leaks. Can He Do That?*, N.Y.TIMES (May 9, 2019), <https://www.nytimes.com/2019/05/09/arts/louis-ck-leaks-threat.html>.

¹⁵⁴ *Id.*

¹⁵⁵ Pham, *supra* note 89, at 14.

¹⁵⁶ Vaishnavi Kanukurti, *The Issue of Joke Theft in the World of Comedy*, INDIANFOLK (June 12, 2019), <https://www.indianfolk.com/joke-theft-the-issue-of-plagiarism-of-jokes-edited/>.

as it creates zero value for the creator. The creator neither receives money, nor credit. Jokes need to be granted some sort of protection in order to ensure the viability of the stand-up industry.

Uniform copyright law is applied across industries though they are affected differently by innovation incentives.¹⁵⁷ While industry-specific IP law may seem like a solution to it, alteration of existing law would be difficult and unfeasible. An effective solution cannot be based solely on seeking enforcement under copyright law. Rather, it needs to be in conjunction with extra-legal remedies. Well-known comedians can afford to take legal recourse for joke theft. However, amateur comedians neither have the resources, nor the awareness to seek protection for their IP. These practical barriers would disincentivise the industry for amateur comedians, though it would only slightly affect the incentives of well-earning comedians. Thus, the considerations that need to be kept in mind while determining a solution are – it should be simple, timely, affordable, provide for monetary damages, and should not require registration of copyright. This would ensure that amateur comedians get an equal opportunity to protect their interests and consequently, would encourage creativity.

The most important part of the answer to the joke theft problem would be the creation of awareness among the comedians of their IP rights and informing them of all the legal means that are available to them. One of the ways to prevent joke theft could be making fans aware of the IP rights of the comedians,¹⁵⁸ but the author believes that it might be ineffective considering the failure of the #fuckfuckjerry campaign.

Article 17 was introduced by the EU Directive on Copyright in the Digital Single Market, and it requires online content-sharing service providers such as YouTube, Vimeo to filter and prevent the upload of copyrighted material.¹⁵⁹ It mandatorily requires commercial content sharing services which cross a certain threshold in terms of revenue and visitors, to obtain a license from the copyright owner for the use of any copyrighted content.¹⁶⁰ The exceptions to copyright

¹⁵⁷ Oiar & Sprigman, *supra* note 6, at 1840.

¹⁵⁸ Pham, *supra* note 89, at 10.

¹⁵⁹ Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC O.J. (L 130) 92, 119-121.

¹⁶⁰ *Id.* at 120.

infringement for online content-sharing service providers are “(a) quotation, criticism, review; (b) use for the purpose of caricature, parody or pastiche.”¹⁶¹

In case of filtering of jokes, the upload filter would fail in detecting the jokes that are protected by copyright because of non-registration.¹⁶² The author proposes that the most appropriate solution that seems to address most of the problems, would be the implementation of a law similar to Article 17, in conjunction with DJE or Copyright Hub and physical institutions. The success of DJE is dependent upon the willingness of joke aggregators to use the platform, but Article 17 mandatorily requires the filtration of content. Thus, jokes aggregators would be forced to stop the stealing of jokes and actually pay licensing fees for it.

This solution will work in all three countries – the US, UK and India. The proposed DJE would not require a joke to be registered, but only require it to be eligible for copyright protection under the law of the relevant country. Under DJE, jokes could be registered before or up to one year after the performance, i.e., they can be registered even after the infringement takes place. A DJE could be created in the US and India, and the Copyright Hub already exists in the UK. Art. 17 provides a timely remedy to joke theft as it requires the OSPs to filter the content before posting it online. It is also affordable and practical, as it transfers the burden of policing and monitoring from the comedian to the OSPs. Additionally, a provision for monetary damages could be added for cases where the infringement has already been committed.

A provision similar to Article 17 can be introduced in India’s statute that governs intermediaries.¹⁶³ UK has not implemented the new Copyright Directive,¹⁶⁴ and both the US and the UK could consider introducing a provision like Article 17. This filter should be easy to implement in UK, US and India, now that companies have already adopted automated filtering systems to comply with the EU Directive. Since Article 17 has been implemented in European countries, their experience could be studied by the three nations when framing a similar provision and the problems faced by EU member states could be easily avoided. Thus, the author submits that by linking the database of jokes to the uploading filter required under Article

¹⁶¹ *Id.*

¹⁶² Pham, *supra* note 89, at 12.

¹⁶³ Information Technology Act, 2000, No. 21, Acts of Parliament, 2000 (India).

¹⁶⁴ Kristina Ford, *Article 17 Of The EU Copyright Directive*, NELSONS (Mar. 5, 2020), <https://www.nelsonslaw.co.uk/article-17/>.

17 and combining it with the physical institutions remedy, the joke theft problem can be resolved or at the least, alleviated.

VI. CONCLUSION

The comedians deserve to have their legitimate interests protected and incentivising them is also crucial for the preservation of the comedy industry. Respect for the art form would be helpful, but that alone is not enough to prevent joke theft. In the short term, the effectiveness of spreading awareness about the IP rights of comedians among fans and users of social media is doubtful. However, in the long term, it could prove to be beneficial. The comedians should consider enforcing their rights via courts, although, its effect on social media joke thieves is difficult to predict. It is probable the court cases might be more efficient in deterring joke aggregators than the notice-and-takedown procedure practised in the US. The times when *only* social norms were enough for the protection of jokes are over. Today's complex world requires solutions that take into consideration the unique nature of social media, such as its fast pace of dissemination and its capability of instantly reaching a worldwide audience.

PRELIMINARY INJUNCTION IN PATENT INFRINGEMENT SUITS

ANUSHKAA SHEKHAR* AND PRITHA BANERJEE**

ABSTRACT

An injunction order is the most beneficial and equitable remedy for any person whose rights are being infringed. The most important of all the types of injunctions is the one granted during the preliminary stages, so as to minimize the damages the person could have suffered during the course of the trial. By extension of the same logic, a preliminary injunction in patent infringement cases is the most coveted preliminary remedy sought by the patent holder. The grant of a preliminary injunction works greatly to the benefit of the patentee to ensure that there is no continued violation of his/her rights till such time that the court passes a judgment. However, a balance has to be struck in cases where the product of the accused, although infringing a patent, seems to be in favour of the public needs, and granting an injunction will only hamper the citizens at large.

In the following article, the authors have made a humble attempt to study and analyze the grant of preliminary injunctions in patent infringement cases with the primary focus on public interest. They have approached the article in a threefold manner. It begins with an overview of patent infringement and its remedies followed by an analysis of the influencing factors in a preliminary injunction. The authors then proceed to a discussion of the factor of public interest and its relevance in certain patent infringement cases, through a study of landmark judgments and a brief comparison with the United States law. Lastly, the authors have concluded this paper with original recommendations and conclusions.

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I. INTRODUCTION

Patent infringement is the commission of a prohibited act with regard to a patented invention devoid of the patent holder's permission. A patent granted under the Indian Patents Act 1970, confers exclusive rights to the patentee to restrict third parties from creating, using, offering for sale, selling, or importing the patented invention for the same purposes.¹ This prevents third parties from commercially exploiting the patented invention till the aforesaid patent is operative. It is imperative to protect the rights of the patentee from the threats of undue exploitation of the patent, assigning of license to others, as well as for modifications in an existing invention. Under Section 108 of the Patents Act, 1970, the patentee has two remedies, that is, injunction and damages, in the event that the patent is infringed.² While damages can only be awarded after a fair determination of the rights and liabilities of the parties, there must be something to restrict the continued infringement of the patent till the court comes to a conclusion. This is where a preliminary injunction assumes importance. Patent systems ordinarily authorize courts to order the defendant to refrain from continuing infringing conduct in the coming years.³

An infringement analysis entails two steps. The first step is asserting the validity of the patent claimed to be violated. The second step is linking the claims to the device alleged of infringing.⁴ An injunction to prevent the alleged infringer from infringing a patent is the most common kind of relief wanted and granted in infringement proceedings. Injunction is an equitable remedy and is thus at the discretion of the court to be granted. In cases where the court considers that an injunction would be disproportionate, it may refuse to grant one. A preliminary injunction is temporary and stops the alleged infringement until the dispute can be heard at trial.⁵

II. PRELIMINARY INJUNCTION IN PATENT INFRINGEMENT SUITS

Injunctions form an essential aspect of the scheme of remedies available to patentees against their infringers. The Patents Act, 1970 explicitly provides for such an injunctive relief,⁶ in the form of preliminary and permanent injunctions. The courts in the USA also grant injunctions to

¹ The Patents Act, 1970, No.39, Acts of Parliament, 1957, §48 (India).

² The Patents Act, 1970, No.39, Acts of Parliament, 1957, §108 (India).

³ Rafal Sikorski, *Patent Remedies and Complex Products*, 23 J. PAT. OFF. SOC'Y 460 (1941).

⁴ DR. ELIZABETH VERKEYS, *LAW OF PATENTS*, 395 (Eastern Book Company 2nd ed., 2012).

⁵ Gujarat Bottling Co. Ltd. v. Coca Cola Co, AIR 1995 SC 2372 (India).

⁶ *Supra* note 2.

preclude infringement of the rights of a patent holder.⁷ Injunction exists as a remedy against infringement of patent because of the nature of patent rights, that is, the right to exclude. The legal fraternity strongly believes that the courts must not hesitate in using their equity powers once the validity of a patent has been established.⁸

One important aspect, which makes a preliminary injunction extremely vital to a patent suit, is the stage at which it is granted, or denied. The decision whether an interlocutory injunction will be granted or not is taken at a time when the existence of the legal right claimed by the plaintiff and its alleged violation, both are uncertain and contested.⁹ Therefore, if a further loss to the plaintiff is to be prevented, and injustice mitigated, the courts grant a preliminary injunction during the period of uncertainty before trial. Order 39¹⁰ of the Code of Civil Procedure, 1908 deals with temporary injunctions, and the factors necessary to be proven by the plaintiff are as follows:

- A. Prima facie case
- B. Irreparable injury
- C. Balance of convenience

A mere glance at these factors and the ones stated above show that the requirements of preliminary injunction in patent infringement suits are almost similar. In order to better understand this concept, we will now be going into the details of these factors.

A. Prima facie case

In patent cases, the burden of showing a prima facie case to receive an injunction is a very heavy one. In order to prove a reasonable likelihood of success of the application, the party applying for the injunction has to establish, to a substantial degree, that the patent in question is valid and infringed.¹¹ However, there is no predefined standard for what constitutes as *prima facie*, which might lead to confusion and ambiguity. Over the years, courts have given varying interpretations to this term to bring some sort of objectivity to it. The initial trend among the High Courts was to ensure that the case is not a frivolous or a vexatious one,¹² or that there indeed existed a

⁷ 35 U.S.C. § 283 (1926).

⁸ Smith International Inc. v. Hughes Tool Co., 718 F.2d 1573 (Fed. Cir. 1983).

⁹ Gujarat Bottling Co. Ltd. v. Coca Cola Co., AIR 1995 SC 2372 (India).

¹⁰ The Code of Civil Procedure, 1908, No.39, Acts of Parliament, 1908, §39 (India).

¹¹ H.H. Robertson Co. v. United Steel Deck Inc., 820 F.2d 384 (Fed. Cir. 1987).

¹² Rajesh Kumar v. Manoj Jain, (1998) 47 DRJ 353 (India).

serious question to be tried and resolved.¹³ A few years later, the Supreme Court held that the applicant must establish that at the conclusion of the trial, s/he would, in all probability, be entitled to relief.¹⁴ In the opinion of the authors, this was a much stricter requirement as this would require taking some evidence on record and by the time it is proved, the plaintiff might have already suffered irreparable harm. It is relevant to mention that the Patents Act, 1970 does not guarantee a presumption of validity in favour of the patent¹⁵ and this view is also consistent with the opinion of the Supreme Court.¹⁶ In *Bilcare Ltd. v. Supreme Industries Ltd.*,¹⁷ while adjudicating upon an application for a preliminary injunction in favour of the patentee-plaintiff, the court opined that it is imperative to first determine the validity of the patent. If the patent is relatively new, a mere challenge is considered sufficient to refuse the injunction whereas if the patent is an old one and being worked, it is often presumed to be valid.¹⁸ The courts also deny preliminary injunction if the defendant raises a counterclaim towards the validity of the patent.

In *B. Braun Melsungen AG v. Rishi Baid*,¹⁹ the court denied granting a preliminary injunction on the ground that registration of patent *per se* does not entitle the patentee to an injunction. The fact that there was a serious challenge to the validity of the patent, by the defendant's claim of the prior art, also heavily influenced the court's decision. Therefore, at present, the courts mostly apply this standard while determining *prima facie* cases;²⁰ that the patentee must show unchallenged possession and enjoyment of the patent for a minimum of six years.²¹ However, there is no need to prove an actual case of invalidity at this stage as vulnerability is the issue at preliminary stage and validity is the issue at trial.²² The authors believe that this 'six-year' standard is counterproductive and unreasonable. This is because registration of a patent goes through immense scrutiny, examination, pre-grant opposition and post-grant opposition. Therefore, to still doubt the validity of a patent in a patent infringement suit runs contrary to the entire process undertaken by the Controller General of Patents, and also to the interests of a patentee. Therefore, the courts must relax the rule of not granting injunctions in cases where the patent is relatively new.

¹³ *Supreme General Films Exchange Pvt. Ltd. v. Durgaprasad Jannath Tiwar*, AIR (1984) Bom 131 (India).

¹⁴ *Colgate Palmolive Ltd. v. Hindustan Unilever Ltd.*, (1998) 1 SCC 720 (India).

¹⁵ The Patents Act, 1970, No. 39, Act of Parliament, 1993, § 13 cl.4, (India).

¹⁶ *Biswanath Prasad Radhey Shyam v. Hindustan Metal Industries*, AIR (1982) SC 1444.

¹⁷ *Bilcare Ltd. v. Supreme Industries Ltd.*, MIPR (2007) 13 (India).

¹⁸ *Id.*

¹⁹ *B. Braun Melsungen AG v. Rishi Baid*, (2009) SCC Del 868 (India).

²⁰ *V. Manika Thevar v. Star Plough Works*, AIR (1965) Mad 327 (India).

²¹ *NRDC v. Delhi Cloth & General Mills Co. Ltd.*, AIR 1980 (Del) 132 (India).

²² *Helifix Ltd. v. Blok-Lok Ltd.*, 208 F 3d 1339 (Fed. Cir. 2000).

B. Irreparable Injury

The presence of a prima facie case is not sufficient for a patentee to receive injunction unless s/he proves the likelihood of an irreparable injury.²³ The court has to be satisfied that non-interference by the Court will result in an irreparable loss to the person seeking the injunction and that once such loss occurs, s/he cannot be compensated in damages.²⁴ When the validity of a patent and its alleged infringement is sufficiently proved, the court often presumes irreparable damage.²⁵ Irreparable loss or injury, however, does not necessarily refer to the physical possibility of repairing the harm, rather the material sense of it. This metaphorical and material injury becomes particularly important in patent cases, more so than other cases of injunction, such as a property dispute. The authors intend to illustrate this via two case laws. In the landmark case of *Merck Sharp and Dohme v. Glenmark Pharmaceuticals*,²⁶ a division bench of the Delhi High Court reversed the decision of a single judge who denied granting of preliminary injunction. While restraining Glenmark from making, using or selling MSD's popular anti-diabetic drug, the division bench held that when a strong case of infringement is made out, the court must be really mindful of the rights of the parties. Moreover, the argument that decline of preliminary injunction is justified on the ground that the patent holder can later be compensated monetarily if the case is decided in his favour, does not hold efficacy in patent cases. This is because a piercing analysis of the market forces reveals that in cases of patent infringement, the damage can be irreparable because infringement may lead to a cutback in price by virtue of the infringer not having any research and development costs to recover. Therefore, most revenue becomes profit for the infringing party and the patent holder might not survive the financial setback during the preliminary period.

Indivior Inc. v. Dr. Reddy's Laboratories, S.A.,²⁷ was a suit for infringement of Indivior's Suboxone Film, a formula that helped in reducing opioid dependency. Although the preliminary injunction was vacated on appeal, the ground for it was different from the matter in consideration here. In the dissenting opinion, Judge Newman stated that entry of another generic drug by the defendant would impair research and development of Indivior, causing it to lose market share and business opportunities, damage its reputation, and decrease Suboxone Film's advantageous formulary status. These grounds, according to the learned judge, were valid evidence to prove

²³ M/s Best Sellers Retail Pvt. Ltd. v. M/S Aditya Birla Nuvo Ltd., AIR (2012) SC 2448 (India).

²⁴ Dalpat Singh v. Prahlad Singh, AIR (1993) SC 276 (India).

²⁵ Verkeys, *supra* note 4.

²⁶ Merck Sharp and Dohme v. Glenmark Pharmaceuticals, (2015) 63 PTC 257 (India).

²⁷ Indivior Inc. v. Dr. Reddy's Laboratories, S.A., (Fed. Cir. 2018).

irreparable damage. Therefore, in patent infringement suits, the standard of irreparable damage is distinct from ordinary suits of injunction.

C. Balance of Convenience

Before passing a preliminary injunction, the court has to look into the balance of hardships between the applicant and the defendant that will be caused if the preliminary injunction is or is not granted. The party who is likely to suffer greater harm, will have the balance of convenience in its favour and will influence the court's decision. The apex court has observed that a preliminary injunction is granted to mitigate the risk of injustice to the plaintiff, if the balance of convenience is in his/her favour in the initial stages.²⁸ While discussing the balance of convenience in detail, the Delhi High Court has, in the case of *Franz Xaver Huemer v. New Yash Engineers*²⁹ laid down instances as to when the scales will tip in favour of the plaintiff. The court opined that product quality plus price, loss of employment, and public interest in the product are factors that might go against the plaintiff. Whereas factors like short period of time left for the expiry of the plaintiff's patent, the parties being of equal size, may go in the plaintiff's favour.

D. Public Interest

The factor of public interest has been recognized by the Indian courts by incorporating it into the analysis of balance of convenience as well as a separate factor. In a case involving patent infringement, whether or not there exists an element of public interest is primarily a question of fact that must be adjudicated upon on a case-to-case basis.³⁰ With respect to patent injunctions, public interest mostly comes into play pertaining to affordability and access to drugs as well as the commercial working of the patent in Indian Territory, although there may be other factors involved too. The reason why this is a vital element is because patents are a result of large-scale investments for the patentees and at the same time are critical for purposes like public health and economic growth. Thus, the court has to be very mindful and cautious while weighing the scales. Following is an analysis of the judicial approach of public interest in patent injunctions.

²⁸ *Hindustan Petroleum Corp. Ltd. v. Sriman Narayan*, (2002) 5 SCC 760 (India).

²⁹ *Franz Xaver Huemer v. New Yash Engineers*, (1996) 16 PTC 232 (India).

³⁰ DPS Parmar, *Consolidating Law of injunction in patent infringement - Indian Experience*, LEXORBITIS (SEPT. 27, 2019), <https://www.lexorbitis.com/consolidating-law-of-injunction-in-patent-infringement-indian-experience>.

III. JUDICIAL APPROACH

A. Bayer Corporation v. Union of India³¹

1. Facts and Judgment

A subject patent was granted by India's patent office on 3rd March 2008 to the petitioner Bayer Corporation, for their drug "Sorafenib Tosylate" that is sold under the name of "Nexavar" and used in the treatment of liver and kidney cancer. The petitioner Bayer Corporation was approached by the Indian drug making company Natco for the grant of voluntary license to produce and sell the drug in India under its brand name for Rs.10,000 per month as opposed to a whopping cost of Rs. 2,80,428 per month that was levied by the petitioner. The petitioner rejected Natco's application for grant of voluntary license of the drug Nexavar.

Only upon the patent holder's permission, can the patented drug be manufactured and sold by the third party. To get a compulsory license to manufacture and sell the Nexavar in India, Natco lodged an application under **Section 84(1)** of the Patents Act, 1970³² to the Controller General of Patent. A *non-exclusive, non-assignable* compulsory license was eventually granted by the Controller, on 9th March 2012, to Natco to produce and sell the patented drug at a price of Rs. 8,800 and ordered them to pay the royalty 6% of its net sales to petitioner Bayer till the time of patent. Bayer appealed against the order of compulsory license in the Intellectual Property Appellate Board (IPAB) in 2013, contending that the order passed was in contravention with the Patents Act. The Board rejected the contention of Bayer and it upheld the order passed by the Controller General of Patents. On the issue of granting a compulsory license to the Natco in the Bombay High Court, Bayer challenged both the orders of 2012 and 2013 passed by the Controller General of Patent and by the IPAB. The apex court dismissed the petition as well. This helped clarify that irrespective of the subject matter, public interest garners the highest importance.

2. Analysis

The goals and objectives of the Patent Act are to encourage innovation, to protect the credit of the inventor and to avert them from any damage or infringement of their patent. But at the same time, this right cannot be exclusive at the cost of the general public. The mutual benefit for both

³¹ Bayer Corporation v. Union of India, (2014) SCC Bom 963 (India).

³² The Patents Act, 1970, No.39, Acts of Parliament, 1957, §84 cl.1 (India).

the public and the inventor is the main aim behind the entire legal framework related to IPR; hence patent holders can't illegitimately use it. The case at hand offered us a situation where personal interest was ruling over public interest just for earning profit on the patent that was invented by the patent holder, but the court elucidated that the misuse of the rights of patent and the greater good will always triumph over the profiteering interests. Hence the petition of Bayer Corporation was dismissed, and the court upheld the earlier decision of IPAB. The decision in the case at hand will overlay a long way to guarantee that the protection of public interest is not drowned by motives of self-benefit, personal interest of the patent holder in specific circumstances.

B. Hoffmann-La Roche Ltd v. Cipla Ltd.³³

1. Facts and Judgment

A case for permanent injunction was instituted by F. Hoffmann-La Roche Ltd. and OSI Pharmaceuticals Inc., for restraining infringement of patent by Cipla Ltd. Mumbai. Indian Generic manufacturer Cipla had won the landmark Roche v. Cipla violation case within the Delhi High Court over Cipla's generic form of anti-cancer Drug Erlotinib.

The case was the first patent legal proceeding post-India's 2005 Product Patent Regime including public interest and costing issues additionally to India's Patent Act, Section 3(d) that stops evergreening.³⁴ Evergreening is a process where producers get the lifetime of their products extended that are on the verge of expiry, by several legal, business and technological tactics, in order to hold on to the royalties incurred from them, either by introducing fresh patents (for example over associated delivery systems, or new pharmaceutical mixtures), or by acquiring small scale companies or stagnating competitors, for extended periods of time than would usually be permissible under the law.³⁵

In February 2007 Roche, along with Pfizer as joint applicants were granted a patent for the aforementioned drug. It was sold under the trademark name 'Tarceva'. The drug was not only

³³ F. Hoffmann-La Roche Ltd v. Cipla Ltd, (2009) 40 PTC 125 (India).

³⁴ UDAY S. RACHERLA, HISTORICAL EVOLUTION OF INDIA'S PATENT REGIME AND ITS IMPACT ON INNOVATION IN THE INDIAN PHARMACEUTICAL INDUSTRY 271-298, (1st ed. 2019).

³⁵ Frauce Thomas, *The Awful Truth About Evergreening*, THE AGE (JUNE 9, 2021), <https://www.theage.com.au/national/the-awful-truth-about-evergreening-20040807-gdyero.html>.

approved by several concerned agencies in the Europe and USA but also had a granted patent from the Controller General of Patents, New Delhi. The patented product after being introduced in the market in 2006 was brand named as TARCEVA for marketing purposes. Meanwhile, Cipla, the defendant announced their launch of a generic version of Tarceva (Erlotinib). The plaintiff alleged that their invention of Erlotinib was protected by law and developed after extensive years of research and huge expenditure. Hence it would be an outright violation of the plaintiff's legal right if the defendant is granted the permission to manufacture or sell or market, the Tarveca drug in any form. However, after taking into consideration the bigger picture, it was concluded that if both the parties were allowed to sell the drug, then there would be a competition that would not only deter monopoly of the plaintiffs in the long run but also decrease the cost of the drug and increase production, which is crucial for such a lifesaving drug and in the larger public interest.

Hence, the court had to decide between guaranteeing lifesaving medicine at an inexpensive price and injunction order throughout the pendency of the trial. The court rightly prioritized the first over the second and rejected the plea of injunction on Cipla as several innocents who were not even parties to the suit would be needlessly impacted.

2. Analysis

In the current case, it's quite evident that the drug that was being sold in the market by Roche was costlier than the drug that was on the market by Cipla. While granting patent and passing injunction orders it is imperative to ascertain the general public benefit at large. In the present matter, the drug was a lifesaving drug that was being manufactured in India and at a relatively cheaper price and therefore the claim of infringement was rejected.

However, it should be noted that whereas the single judge decision relied on public interest as an element to refuse an injunction, the division bench rather decided on the component of irreparable injury being caused to many lives. A division bench later conjointly approved the order of the High court. The court during this case seemed concerned with the very fact that retreating offers of the drug could stop access and will have large implications for the public who weren't parties to the suit.

Section 3(d) keeps an eye on ever greening above prescribed limits, as it tends to hinder the public health of the country, since the retailers charge exorbitant prices, which are unaffordable to the public at large. However, they still enjoy a considerable market share by creating a monopoly, which upsets the concept of patents in general. In the instant case as well, though the actual cost of the drug has been kept confidential, however, the court observed that Roche manufactured drug was costlier than Cipla. Hence, they concluded while granting patent and passing injunction orders what is more important is to see the public benefit at large. In the present case, the lifesaving drug was being manufactured in India and sold at a lesser price as compared to its competitor and was the only alternative for the public. Therefore, it led to the rejection of the claim of infringement.

C. Franz Xaver Huemer v. New Yash Engineers³⁶

1. Facts and judgment

In this case, the appellant was a citizen of Austria who filed for a permanent injunction through his power of attorney, Mr. Lohia (proprietor of Lohia Starlinger), preventing the respondent from manufacturing, using, exercising, selling or marketing any items, which infringe the five patents granted to the plaintiff. The patented objects were some mechanical devices used in the textile industry. The respondent contended that there was no evidence of the plaintiff commercially exploiting his patents in India. Rather in a 1994 exhibition in Pragati Maidan, there was a substantial demand for the respondent's machine but none for the machines of Lohia Starlinger, hence the proprietor of the company decided to secure a power of attorney on 28-2-1994 from the plaintiff and meanwhile filed suit on 26-2-1994. According to the respondent, the suit was filed because of malice and business rivalry as his machine was cheaper, had low maintenance, consumed lesser energy, and gave a higher output as compared to Lohia Machines.

The judgment of this case was, among the initial landmark decisions on the implications of non-working of patents, which notified that if a patent has not been researched and developed in India, a plea to restrain a third party from developing the same patent cannot be granted as it hampers the conditions of the market and the economy. The Delhi High Court held that a mechanical device that is a constructive invention must not be left untouched in the Indian industry, because not including the Indian public into such benefit would be detrimental to not only the notion of public welfare but also the economy.

³⁶ Franz Xaver Huemer v. New Yash Engineers, (1996) 16 PTC 232 (India).

2. *Analysis*

The crux of the ratio in this case was that the non-functionality of a patent can be a ground for a court to refuse an interim injunction on the ground that a patentee who is depriving the country of the patented invention cannot strip the Indian market and industry of the benefit of the invention by asking for an interim injunction against a third-party infringer. According to Sections 83 and 84 of the Patents Act, 1970, non-working of patents in India manifests a patent to compulsory licensing. However, in this regard the Indian courts have not given a concrete line of justification or reasoning. On similar lines, the same Court in another case³⁷ of a similar pattern ruled that an interim injunction will not be approved against the defendant who had allegedly infringed the plaintiff's patent for a "4D Movie Experience". The balance of favour was tilted towards the defendants, as the plaintiff hadn't commercially exploited his patent and the defendant (even though had imitated the patented system) had put an enormous capital to manufacture the system. It is important to note here that when companies start off into new markets with fresh products it is crucial for them to float new technologies or products. However, it is imperative at this juncture to ensure that their products do not violate any existing patent in the concerned jurisdiction.

D. Comparative Analysis with the United States

The legal system of the United States also follows a similar mechanism to that of India when it comes to injunctions in patent infringement cases. The first three factors are also taken into account in US but when it comes to the public interest, it is only considered when the invention relates to areas like environment, healthcare, and public welfare.³⁸ The court in cases where the public interest is of importance undertakes a two-step investigation.³⁹ The court aims to initially determine whether the product in question, of which infringement is alleged, is vital in any way for the public at large.⁴⁰ Secondly, the court takes into account the availability of this vital product by substitutes that do not infringe the patent, should the preliminary injunction be granted.⁴¹ Although this two-step method is not a matter of practice in India the same rationale

³⁷ Sandeep Jaidka v. Mukesh Mittal & Anr., (2014) 59 PTC 234 (India).

³⁸ Guangliang Zhang, *Remedies for Patent Infringement: A Comparative Study of U.S. and Chinese Law*, 1 J. MARSHALL REV. INTELL. PROP. L. 35 (2001).

³⁹ Samuel K. Lu, *The Fundamentals of Preliminary Injunctions, Permanent Injunctions, and Temporary Restraining Orders in Patent Cases*, 572 PLI/PAT 169, 175 (1999).

⁴⁰ *Id.*

⁴¹ *Id.*

finds its way in the *obiter dicta* of any judgment in India. However, one major contrast in the US framework is that the applicant has a statutory duty⁴² to provide a bond or security before the issuance of a preliminary injunction to ensure that the defendant is not at an added disadvantage if the trial turns out to be in their favour. This is one major loophole in Indian law where the discretion is granted to the court to issue an injunction but there is no duty cast upon the applicant to account for the change in court's opinion during the trial.

1. *eBay Inc. v. MercExchange, L.L.C.*⁴³

i. Facts and Judgment

The petitioner, eBay, ran a popular Internet website that permitted private sellers to advertise goods they wanted to market, either through an auction or at a fixed price. A wholly-owned subsidiary of eBay, Half.com, which was the petitioner, ran a similar website. Respondent MercExchange, L.L.C., owned several patents, comprising of a business method patent for an electronic market intended to help the sale of goods between private parties by generating a central authority to boost the building of trust among participants.

MercExchange wanted to license its patent to eBay and Half.com, as was done in the past with other companies, but the parties were unsuccessful in reaching an agreement. Ultimately, MercExchange filed a patent infringement suit in the Virginia District Court against the two companies. The jury observed that MercExchange's patent was valid, that eBay and Half.com had violated that patent, and that an award of damages was proper. MercExchange's motion for permanent injunctive relief was denied by the District Court, following the jury verdict. The Court of Appeals for the Federal Circuit reversed the decision of the District Court, applying its universal rule that courts will issue permanent injunctions against patent infringement except in exceptional circumstances.

ii. Analysis

The US Patent Act expressly provides that injunctions must be issued in accordance with the principles of equity. Moreover, consistent with well-established principles of equity, a petitioner seeking a permanent injunction should satisfy a four-factor test before a court might grant such

⁴² Fed. R. Civ. P. 65(c).

⁴³ *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 126 S. Ct. 1837 (2006).

relief. A litigator should demonstrate: (1) that it's suffered an irreparable injury; (2) that remedies accessible at law, like financial damages, are inadequate to compensate that injury; (3) that, a remedy in equity is warranted considering the balance of hardships between the litigator and the suspect; and (4) that an injunction will not hamper the general public interest.⁴⁴ Plaintiffs' interpretation that injunctions are mechanically granted is imperfect, as it fails to take into account that courts in rare instances do not issue injunctions. The decision to grant or deny permanent injunctive relief is an act of equitable discretion by the district court, reviewable on appeal for abuse of discretion.

Further, MercExchange was successful in standing up to the test of permanent injunction because their electronic market business between private players was beneficial for public interest as they were generating a central authority to boost the building of trust among participants, and making the purchase and selling of such electronic goods accessible and simple for the masses. Additionally, as every business runs on goodwill, hence eBay selling their goods without the license would affect their interest and cause an irreparable injury to their goodwill, in cases of customer complaints and low standard goods. Therefore, the remedy was granted keeping in consideration the hardships that the litigant could have foreseen in the future, including their immense effort in setting up a standard business and the goodwill created henceforth, as it would be difficult to compensate this loss with damages.

However, it is pertinent to note that public interest is not a complete exception to grant of patent or patent infringement. The courts will not always refuse injunctions on the ground of reasonable affordability of drugs to the public.⁴⁵ The courts have, in some instances, overlooked the public interest aspect in order to secure the rights of a patent holder and to prioritize the integrity of the patent system.⁴⁶

2. *Sanofi v. Apotex*⁴⁷

i. Facts and Judgment

The short path to drug approval in the United States is the Abbreviated New Drug Application (“ANDA”). It was introduced to permit a generic drug company to commence a “bioequivalent”

⁴⁴ Jonathan Kim, *Injunction*, LEGAL INFORMATION INSTITUTE CORNELL LAW SCHOOL, <https://www.law.cornell.edu/wex/injunction>. (last visited June 19, 2021).

⁴⁵ Novartis AG v. Cipla Ltd., 2015 (61) PTC3 63 (India).

⁴⁶ Merck Sharp and Dohme v. Glenmark Pharmaceuticals, 2015 (63) PTC 257 (India).

⁴⁷ *Sanofi v. Apotex*, 488 F.Supp.2d 317 (S.D.N.Y. 2006).

edition of a currently permitted, brand-name drug.⁴⁸ Particularly, if a generic drug company challenged the legitimacy of patents representing a brand-name drug in its application, it could get a privilege after its request was accepted, where it could exclusively share the market of the brand-name drug with the established drug company for 180 days, in the ANDA mechanism. However, the concession is mainly conditioned on whether the leading drug company will bring a claim against the standard drug company for patent infringement and if the generic drug company could be successful in such litigation.

In order to prevent heart diseases, such as heart attacks and strokes, Plavix, also known as clopidogrel, was an approved and prescribed drug⁴⁹ that functioned by restricting platelets from sticking together.⁵⁰ A French drug business, Sanofi-Synthelabo started to develop Plavix, in 1972,⁵¹ and in 1997, the U.S. Food and Drug Administration (“FDA”) permitted the drug. Bristol-Myers Squibb sold the drug Plavix in the United States. The sale of Plavix garnered income of billions in 2008,⁵² and was the second-best-grossing drug in the world in 2008.⁵³ However, Plavix was expensive.⁵⁴ The ANDA mechanism was used for a generic version of Plavix in November 2001 and was tendered to the FDA by a Canadian company Apotex, Inc. (“Apotex”).⁵⁵ The patent holders of Plavix, Sanofi, filed a case against Apotex after Apotex put down its ANDA. The patentees in 2008 bagged the suit after six years of struggle and were successful in defending the legitimacy of the patent of Plavix.

ANDA is believed to promote drug companies’ struggle in the market of a generic drug.⁵⁶ Specifically, ANDA is introduced to encourage a generic drug company to challenge a pioneer drug company and in this process increase competition in the market. But, the story of Sanofi-Synthelabo v. Apotex, Inc. discloses the unfulfilled objectives and goals of ANDA. As a result,

⁴⁸ Wansheng Jerry Liu, *Balancing Accessibility and Sustainability: How to Achieve the Dual Objectives of the Hatch-Waxman Act While Resolving Antitrust Issues in Pharmaceutical Patent Settlement Cases*, 18 ALB. L.J. SCI. & TECH. 441, 447–48 (2008).

⁴⁹ Stephanie Saul, *Marketers of Plavix Outfoxed on a Deal*, N.Y. Times (Aug. 9, 2006), <https://www.nytimes.com/2006/08/09/business/09drug.html>.

⁵⁰ Reuters, *Risks with Heart Drug*, N.Y. Times, (Feb. 6, 2008), https://www.nytimes.com/2008/02/06/us/06brfs-RISKSWITHHEA_BRF.html

⁵¹ Andrew Ross Sorkin, *Sanofi Makes Its Bid for Aventis; It Is Quickly Rejected as ‘Inferior’*, N.Y. Times, (Jan. 27, 2004), <https://www.nytimes.com/2004/01/27/business/sanofi-makes-its-bid-for-aventis-it-is-quickly-rejected-as-inferior.html>.

⁵² Natasha Singer, *Judge Orders Former Bristol-Myers Executive to Write Book*, N.Y. Times, (June 9, 2009), <https://www.nytimes.com/2009/06/09/business/09bristol.html>.

⁵³ Natasha Singer, *F.D.A. Panel Approves Lilly Drug for Clotting*, N.Y. Times, (Feb. 4, 2009), <https://www.nytimes.com/2009/02/04/business/04lilly.html>.

⁵⁴ Gardiner Harris, *Study Raises Questions on Plavix Safety*, N.Y. Times, (Jan. 20, 2005), <https://www.nytimes.com/2005/01/20/health/study-raises-questions-on-plavix-safety.html>.

⁵⁵ Sanofi-Synthelabo v. Apotex, Inc. (Sanofi IV), 550 F.3d 1075, 1078.

⁵⁶ Stephanie Saul, *Drug Executive is Indicted on Secret Deal*, N.Y. Times, (Apr. 24, 2008), <https://www.nytimes.com/2008/04/24/business/24bristol.html>.

the generic drug company was unsuccessful in its patent challenge, and the leading drug company committed an antitrust crime during the ANDA fight between these two companies.

ii. Analysis

The issue to be evaluated here is whether the recognition of a preliminary injunction would go against public interest. The liability on the patentee when it comes to this component is mostly in the negative, that is to establish that public interest would not be affected by the grant of an injunction. Though there is public interest involved in enabling access to generic versions of medicines at lesser prices, but there is also a public interest ingredient in enforcing patents and encouraging innovation. If harmonizing these two competing interests in a specific case indicates that simultaneous interests are at equipoise or faintly in favour of the patentee, the “public interest” point of the analysis tilts towards the patentee. If, however, the interest in favour of making accessible generic drug version at a lower price outweighs the competing interest, this prong of the analysis favours the accused infringer. In the framework of harmonizing the above interests, the US courts give the idea that the position of price differential alone is not a tipping point i.e. the sheer fact of the accused infringer selling at a lesser price than the patentee is alone is not sufficient to overshadow the interest in enforcing a valid patent.

In *Sanofi-Synthelabo v. Apotex, Inc.*, the Federal Circuit held that the district court had applied a conjecture of irreparable harm in deciding whether to award a preliminary injunction.⁵⁷ Characteristically, in a patent infringement case, though there exists a public interest in defending rights guaranteed by valid patents, the point of contention of the district court's study should be whether there existed a few decisive public interests that would be offended by the grant of preliminary relief. There were noteworthy public interests on either side in the impugned litigation, but the Court found that the balance in the context of this action lied in favour of Sanofi.

Public interest indisputably lies in plummeting the obstacles to generic competition in the pharmaceutical industry, since then the valuable drugs at reduced prices will be accessible to the public. This is most definitely a rational position for a producer of generic drugs to take and, indeed, the Court decided that there is a significant public interest in making lower-priced generic drugs available and accessible to the public. In addition, the repudiation of the state attorneys to endorse the anticipated settlement between Sanofi and Apotex shows that the

⁵⁷ *Sanofi-Synthelabo v. Apotex, Inc.*, 470 F.3d 1368, 1381 (Fed. Cir. 2006).

regulators determined that the public interest was served by preventing the agreement's barrier to probable competition. The public interest in lower-priced drugs is definitely significant. Nevertheless, the public interest in lower-priced drugs is weighed by a noteworthy public interest in motivating the enormous investment in research and development that is necessary before a new drug can be developed and brought to market. The Federal Circuit lately measured these competing interests in *Pfizer Inc. v. Teva Pharms.*⁵⁸ In that case, just as here, a company desiring to bring about a generic edition of a patented drug argued that the public interest must be favoured and contested a preliminary injunction on the theory that the Hatch-Waxman Act framework 'makes low-cost generic drugs available to the public through increased competition.' The district court discarded this argument, opining that a preliminary injunction that implements a valid patent against an infringer 'does no more than further public policy inherent in the patent laws designed to encourage useful inventions by rewarding the inventor with a limited period of market exclusivity.'

As set forth above, both the public interest involved in lesser costing drugs on one hand and the public interest in motivating investment in drug development and safeguarding the exclusionary rights devolved in legitimate pharmaceutical patents on the other, are present here. The judiciary found the public interest lied slightly in favour of Sanofi, where Apotex concedes that its product violates Sanofi's patent as Congress had fashioned the patent laws in such a way as to balance the public's interest in market competition with the public's interest in working on innovation.

IV. RECOMMENDATIONS AND CONCLUSIONS

The authors are in agreement with the decisions of the honourable courts in weighing the balance of scales of public interest against an injunction in infringement of a patent. However, there are a few points that are necessary to be considered.

- While determining the existence of a prima facie case, a two-fold modification is required. First, the patent law regime needs to be amended and there needs to be a presumption in favour of the validity of a patent. Secondly, while deciding on a preliminary injunction application in a patent infringement case, the court need not delve into the validity of the patent, irrespective of the number of years it has been since the patent was granted.

⁵⁸ *Pfizer Inc. v. Teva Pharms*, 429 F.3d at 1364 (Fed. Cir. 2005).

- It is commendable that the courts have proactively considered the factor of public interest, which takes consumer welfare within its ambit. However, the consideration of antitrust is still amiss in the legislative and judicial approach. It has hardly found its way even impliedly in the decisions of the courts. Although there exists a separate Commission to adjudicate upon competition law issues, in patent cases, the courts must consider whether the grant or rejection of an injunction will have an effect on the competition in the market.
- Another factor that could be taken into consideration is the interest of the patentee as against the public interest because the patentee would have spent years of research and invested a fortune to get where they are. As is evident from the analysis of the judicial trend in the US courts, they often take into consideration the rights of the patentee and the public interest in enforcing those rights. In the U.K. as well, the courts have recognized the fact that enforcing valid patents is itself a matter of public interest.⁵⁹ However, this is something that is still lacking in the Indian jurisprudence and must find its way in.

Injunction is an equitable remedy which, jurisprudentially speaking, refers to the power of courts to do justice to both the parties, by exercising its discretion.⁶⁰ However, as we observed, the balance of hardships required in patent cases is quite different. Thus, the judicial standard applied in these cases must be independent of those of civil litigation cases, owing to the public interest of both the parties involved.

⁵⁹ *Chiron v. Organon*, [1995] F.S.R. 325.

⁶⁰ Kevin C. Kennedy, *Equitable Remedies and Principled Discretion: The Michigan Experience*, 74 U. DET. MERCY L. REV. 609 (1996-1997).

**AN EVALUATION OF THE INDIAN LEGISLATIVE FRAMEWORK FOR PATENT
OPPOSITION MECHANISM: MERITS AND DEMERITS OF THE PROCEDURAL
SAFEGUARD**

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ABSTRACT

Patent opposition refers to the ways in which it is possible to challenge the validity of a patent both during the pendency of a patent application and after the grant of a patent. Patent opposition proceedings provide the first opportunity for third parties to challenge the validity of patents. These are in-house proceedings because they are instituted within the Patent Office. Since 2005, India has provided a detailed legislative framework for challenging the validity of patents in a cost-effective manner. Patent opposition proceedings provided under the Patents Act can be classified into two distinct categories: pre-grant opposition (before the patent is granted) and post-grant opposition (after the patent is granted). This study supports India's decision to provide a less formal ex-parte pre-grant opposition procedure. Opposing a patent before the grant is an easier option as compared to the post-grant opposition because at this stage there is no burden of proof on the opponent. As the patent is yet to be granted at this stage, the pre-grant opposition does not involve the issuance of interim orders or injunctions. Pre-grant opposition helps patent offices to make more informed decisions because third parties, especially competitors having technical expertise in the field of invention, bring additional information to the attention of the controller. This paper also supports India's approach of providing the additional safeguard of a more formal inter-parties post-grant opposition procedure. This paper also highlights certain lacunae in India's opposition procedures and argues that India's patent opposition model lacks clarity and legal certainty.

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The present article is an excerpt from the author's PhD thesis entitled 'Community-Based Patent Opposition Model in India: Access to Medicines, Right to Health and Sustainable Development' submitted at the Faculty of Business and Law, Queensland University of Technology, Brisbane, Australia. The author acknowledges his PhD supervisors Prof. Matthew Rimmer and Prof. Richard Johnstone.

I. INDIA MADE THE RIGHT CHOICE BY PROVIDING PRE-GRANT OPPOSITION PROCEDURE

The pre-grant opposition mechanism provided under section 25(1) of the Patents Act, 1970 and rule 55 of the Patents Rules, 2003, is not designed to make the opponent a party to the proceedings.¹ The role of an opponent in pre-grant opposition proceedings is to help or aid the Controller by providing information in the form of grounds of opposition and supporting evidence. The Controller can, therefore, make a more informed decision on the patent application in the light of the information supplied by the opponent.

In India, 'Any person' can file a representation for pre-grant opposition before the Controller.² The scope of 'Any person' includes not only natural persons but also legal persons like associations and corporations. The scope of 'Any person' also includes foreign opponents who neither reside nor carry on business in India.³ A representation for opposition can be filed free of charge,⁴ at any time after an application for a patent has been published,⁵ but a patent has not been granted.⁶ The potential opponents have a time period of at least six months to file a representation for the opposition because, under the rules, no patent shall be granted before the expiry of a period of six months from the date of publication of the patent application.⁷

The pre-grant opposition can be filed on the grounds provided in section 25(1) which provides an exhaustive list of grounds of pre-grant opposition by specifically stating 'but on no other ground'.⁸ Normally, several grounds available under section 25 are raised and a few of

¹ (Patents (Amendment) Ordinance 2004 provided for pre-grant representation under § 25. Section 25(2) of the Ordinance specifically stated that 'the person making a representation referred to in that sub-section shall not become a party to any proceedings under this Act only for the reason that he has made such representation'. Though § 25 was amended under the Patents (Amendment) Act 2005 to provide for pre-grant opposition proceedings and new provision was silent on whether or not the pre-grant opponent is a party to the proceedings, the previous provision can still be used to show the intent of the legislature).

² The Patents Act, 1970, No. 39, Acts of Parliament, 1970, § 25(1) (India). (Prior to 2005, only any 'person interested' was allowed to initiate pre-grant opposition. The provision was amended in 2005 to remove the condition of 'interested' for filing this type of opposition).

³ *Id.* §150.

⁴ (No fee has been stipulated for instituting pre-grant opposition proceedings under the Patents Act and the Patents Rules).

⁵ The Patents Act, 1970, No. 39, Acts of Parliament, 1970, §11A (India).

⁶ *Id.* §25(1). (Prior to the 2005 amendment, pre-grant opposition was allowed within four months from publication of the acceptance of a complete specification).

⁷ Patents Rules, 2003, r. 55(1A) (India).

⁸ The Patents Act, 1970, No. 39, Acts of Parliament, 1970, §25(1) (India).

them are debated during the hearing. The grounds not debated during the hearing are considered as withdrawn even if the opponent does not withdraw the grounds in writing or orally.⁹

It is important to note here that the Patents Act and the Patents Rules do not contain any provision that imposes the burden of proof on the opponent in pre-grant opposition proceedings. According to the Indian Evidence Act, whoever seeks to rely on the existence of certain facts must prove that those facts exist. The burden of proof lies on the person who is bound to prove the existence of facts.¹⁰ In other words, the burden of proof lies on that person who would fail if no evidence at all were given on either side.¹¹ The burden of proof has not been imposed on the opponent in pre-grant opposition proceedings possibly because of the fact that she is not a party to the proceedings. If the opponent fails to submit reply statement and evidence, it does not make any difference as the same is not required in the pre-grant opposition.¹² The role of the opponent is just to bring valuable information to the notice of the Controller.

Hearing the opponent is not mandatory in pre-grant opposition proceedings. If the opponent wants to be heard, she may include a request for hearing in her written representation for opposition.¹³ But the opponent does not enjoy a legal right to be heard because she is not a party to the proceedings.¹⁴ The Controller considers the opponent's request for hearing only if she is satisfied with the merit of the opposition.¹⁵ Even if the Controller is satisfied and she grants the opponent an opportunity to be heard, the hearing is informal because the Patents Act and the Patents Rules do not provide details on procedure or formalities of hearing in pre-grant opposition proceedings.

One of the grounds of invoking patent opposition proceedings in India, under sections 25(1)(f) and 25(2)(f), is that 'the subject of any claim of the complete specification is not an invention within the meaning of this Act, or is not patentable under this Act'.¹⁶ This ground of patent opposition links the Indian opposition proceedings with section 3(d) which provides a notable exception to patentability in India. As noted above, section 3(d) excludes trivial

⁹ FERAZ ALI KHADER, *THE TOUCHSTONE EFFECT: THE IMPACT OF PRE-GRANT OPPOSITION ON PATENTS* 116 (LexisNexis Butterworths, 1st ed. 2009).

¹⁰ Indian Evidence Act, 1872, No. 1, Acts of Parliament, 1970, §101.

¹¹ *Id.* §102.

¹² *Anglo Operations Ltd. v. AIA Engineering Pvt. Ltd.*, 690/DEL/95, 10.

¹³ Patents Rules, 2003, r 55(1) (India).

¹⁴ *M/s Schering Corporation v. M/s Cadila Healthcare Ltd.*, IN/PCT/2000/00434/CHE, 3.

¹⁵ Patents Rules, 2003, r 55(3) (India).

¹⁶ The Patents Act, 1970, No. 39, Acts of Parliament, 1970, §25(1)(f) (India).

modifications of known substances from patent eligibility in India unless they satisfy the condition of ‘enhanced efficacy’.¹⁷ Moreover, under sections 25(1)(e) and 25(2)(e), patents can be opposed on the ground of obviousness or lack of inventive step. This ground links the Indian opposition proceedings with section 2(ja) which defines inventive step and adds additional requirements of ‘technical advance’ and ‘economic significance’ to the inventive step threshold. Sections 3(d) and 2(ja) are, therefore, very important components of the Indian patent opposition proceedings.¹⁸ This nexus of two distinct TRIPS flexibilities is a distinctive feature of the Indian patent opposition model. India, therefore, used its procedural mechanisms of patent opposition to reinforce its heightened patentability requirements.

Pharmaceutical Research and Manufacturers of America (PhRMA) has criticized India for applying narrow patentability standards and reinforcing its higher standards through patent opposition.¹⁹ PhRMA claims that India’s opposition mechanism is a source of restrictive standards for patentability. PhRMA argues that India’s opposition proceedings create uncertainty relating to the patentability of inventions.²⁰ The lack of clear rules guiding pleading and evidentiary standards during opposition proceedings creates uncertainty and causes a delay in the introduction of new inventions by delaying patent examination and patent prosecution.²¹ PhRMA further argues that long patent examination delays cause significant damage. The value of patents granted with unreasonable delays is reduced given the fact that the term of a patent begins on the date of filing of a patent application. Backlogs, therefore, undermine incentives to innovate and undermine investment in future research activity.²² Consequently, backlogs hinder timely patient access to valuable new treatments and cures.²³

In response to PhRMA’s criticism, it is argued that the Member States have legitimate flexibility to adopt patent opposition procedures in their national patent laws. Art. 62 (4) of the TRIPS Agreement condones the use of opposition procedures.²⁴ This study specifically supports

¹⁷ *Id.* §3(d).

¹⁸ Muhammad Zaheer Abbas, *Conflicting Interests, Competing Perspectives and Policy Incoherence: COVID-19 Highlights the Significance of the UN High-Level Panel Report on Access to Medicines*, 31 *AUSTL. INTELL. PROP. J.*, 30 (October 2020).

¹⁹ *Pharmaceutical Res. and Manufacturers of America (PhRMA)*, SPECIAL 301 SUBMISSION 85 (2018), <https://www.phrma.org/-/media/Project/PhRMA/PhRMA-Org/PhRMA-Org/PDF/P-R/PhRMA-2018-Special-301-Submission.pdf>.

²⁰ *Id.* at 87.

²¹ *Id.*

²² *Id.* at 90.

²³ *Id.* at 90.

²⁴ Agreement on Trade-Related Aspects of Intellectual Property Rights, Art. 62(4), Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter TRIPS Agreement].

India's policy decision of providing pre-grant opposition procedure as a pre-emptive safeguard against evergreening²⁵ of drug patents and grant of low-quality patents in general. As noted by Jeffrey D. Sachs, 'If governments would do their job in setting up the right rules, major international companies would play a vital role in solving problems'.²⁶ Corporations, especially brand-name drug companies, rely heavily on exclusive rights in order to maximize their profits. Absence of proper safeguards enhances the likelihood of corporations getting low-quality patents or deliberately engaging in the practice of pursuing low-hanging fruits through evergreening of drug patents. In either case, the public interest is seriously undermined. Governments need to set up the right rules to regulate international companies. India has made the right policy choices by making it difficult for corporations to acquire low-quality patents and by making it easier for third parties to challenge questionable patents.

More precisely, India's approach is in line with Peter Drahos' argument that patent quality issues need to be addressed at the examination stage. If examination of the prior art is done properly, then the chances of poorly-granted patents are much lesser and it reduces the probability of patent litigation. Drahos uses the concept of 'patent social contract' between the inventor and society to justify the existence of the patent system. Under this social contract, society is willing to grant exclusive rights to innovators who deliver socially valuable and non-obvious inventions. In his 2010 book, Drahos notes that:

*The patent social contract is not a contract aimed at the grant of more and more patents, but rather at the diffusion of more and more significant inventions. Under the patent social contract, society cannot be taken to be contracting for obvious inventions since by definition these are already available to society in the storehouse of skills of the workers skilled in the relevant arts. Instead, society is contracting for the delivery of non-obvious inventions.*²⁷

²⁵ (In order to qualify for patent protection, an invention is required to be novel, non-obvious and useful in the sense of being capable of industrial application. This is a universal standard required under the TRIPS Agreement. It is argued that instead of channeling their efforts towards genuine R&D for development of novel and effective drugs, the originator companies attempt to find loopholes in the existing regulatory framework and play safe by adopting different tactics or strategies to prolong their period of exclusivity by exploiting those loopholes. See GAURAV DWIVEDI, SHARANABASAVA HALLIHOSUR & LATHA RANGAN, 'EVERGREENING: A DECEPTIVE DEVICE IN PATENT RIGHTS' (2010), 32(4) *Technology in Society* 328.

²⁶ JEFFREY D. SACHS, *THE END OF POVERTY: HOW WE CAN MAKE IT HAPPEN IN OUR LIFETIME* 358 (The Penguin Press, 2005).

²⁷ PETER DRAHOS, *THE GLOBAL GOVERNANCE OF KNOWLEDGE: PATENT OFFICES AND THEIR CLIENTS* 78-79 (Cambridge Univ. Press, 2010).

By referring to ‘patent social contract’, Drahos highlights the public mission of patent offices to secure society’s entitlements under the social bargain.²⁸ He links the issue of patent quality to the patent social contract. In his view, ‘improving patent quality is very much about improving the quality of invention that the patent system serves to disclose to the public’.²⁹ He argues that patent offices ‘steer away from the ... rigorous analysis of the link between invention and prior art’.³⁰ Drahos stresses that ‘someone has to check that the patentee is delivering his side of the bargain’.³¹ It is clear from the context that the ‘someone’ is a patent office in general and a patent examiner in particular. The ‘someone’ is unlikely to be the courts as Drahos contends that the courts are not best suited to address the patent quality issues. In his 2008 article, he clearly asserts that ‘[r]elying on patent litigation as a tool to weed out invalid patents will not work in developing countries’.³² Drahos, therefore, has a very clear argument that the best way to address patent quality issues is at the examination stage.

Carlos Correa is another prominent academician who expressed his dissatisfaction over the patent examination standards. He is of the view that:

*“The rights conferred by patents are based on partial and often imperfect determinations. The examination process does not allow patent offices to reach definitive judgments on patentability. There is uncertainty regarding the validity of patents as well in the boundaries of what is protected under individual patents.”*³³

Correa supports the use of pre-grant opposition procedures as a measure to improve the quality of patent examination. He contends that ‘[p]re-grant opposition mechanisms help examiners to improve the analysis they undertake, as third parties can bring to their attention precedents that may not have been identified’.³⁴ He adds that pre-grant opposition procedures ‘lead to the granting of more solid patents while avoiding the creation of rights over developments that are not really inventive’.³⁵

²⁸ *Id.* at 38.

²⁹ *Id.* at 79.

³⁰ *Id.* at 78.

³¹ *Id.* at 33.

³² *Id.* at 173.

³³ Carlos M. Correa, *Patent Examination and Legal Fictions: How Rights Are Created on Feet of Clay in KRITIKA: ESSAYS ON INTELL. PROP.* 62.

³⁴ Carlos Correa, *Guidelines for the Examination of Pharmaceutical Patents: Developing A Public Health Perspective* 24 INTERNATIONAL CTR. FOR TRADE AND SUSTAINABLE DEV (January 2007).

³⁵ *Id.*

Joseph E. Stiglitz advocates the quicker and less costly opposition procedure integrated within the examination process. He particularly appreciates the information gathering function of opposition procedures. The opposition procedure, in Stiglitz's view, 'functions as a device that elicits and examines relevant information that the opposing parties possess and have every interest to communicate'.³⁶ Stiglitz considers this information 'particularly important in a situation in which the quality of direct information gathered by the examiners in patent offices has seriously deteriorated'.³⁷

To cancel a patent that already exists is risky and cumbersome because it mobilizes political capital. Pre-grant opposition proceedings are less risky because of a 'prevention is better than cure approach', as low-quality patents do not make it to grant if opposed successfully at the stage of examination. As noted by Michael A. Carrier, '[o]ne way to reduce the number of invalid patents is to ensure that they are not granted in the first place'.³⁸ Once a patent is granted, '[i]t may be difficult for the Patent Office, which sets out procedures and enforces standards for issuing patents, to turn around and revoke patent claims in a post-grant opposition proceeding immediately after allowing them'.³⁹ It might be difficult for the Patent Office to concede that the patent application was improperly examined, and the patent should not have been granted. Moreover, if a considerable number of post-grant oppositions are successful, questions may be raised about the examination process of the Patent Office, a prospect not desired by the Patent Office. Pre-grant opposition is, therefore, a perfectly timed proceeding as it does not require the Patent Office to reverse its previous decisions.

This study argues that third parties should not be left with only the option of court litigation to challenge questionable patents. Relying on patent litigation alone to weed out invalid patents is not an economically and practically efficient approach because of several reasons. First, the costs of accessing justice through litigation are prohibitively high. To challenge the validity of a patent before judicial courts after its grant is a costly and time-consuming procedure involving substantial financial burden for parties to the patent litigation.⁴⁰ The cost is high because patent

³⁶ Claude Henry and Joseph E. Stiglitz, *Intellectual Property, Dissemination of Innovation and Sustainable Development*, 1 GLOBAL POL'Y 246 (October 2010).

³⁷ *Id.*

³⁸ Michael A. Carrier, *Post-Grant Opposition: A Proposal and a Comparison to the America Invents Act*, 45 UC DAVIS L. REV. 109 (November 2011).

³⁹ Jay P. Kesan, *Carrots and Sticks to Create a Better Patent System*, 17(2) BERKELEY TECH. L. J. 777 (April 2002).

⁴⁰ Kristof Roos et al., *Patent Related Barriers to Market Entry for Generic Medicines in the European Union: A Review of Weaknesses in the Current European Patent System and their Impact on Market Access of Generic Medicines* 5(4) J. OF GENERIC MED. 260 (2008).

litigation is complex and the stakes are usually high.⁴¹ In cases where a drug patent is wrongly granted, the title holder innovative drug companies, with superior financial resources, enjoy a major advantage because the cost of patent litigation is ‘nearly prohibitive to many companies or institutions that are not financially well off’.⁴² The small and medium-sized generic firms and the general public may be reluctant to take the risk of waging costly and cumbersome multi-year patent battles.⁴³ The prolonged trial and appeal processes seriously disincentivize interested third parties from using patent litigation to invalidate a patent.⁴⁴

Second, invalidating granted patents in a judicial court is particularly cumbersome because of a presumption of validity. In most of the jurisdictions, granted patents enjoy a legal ‘presumption of validity’. To rebut the presumption of validity, not only does the burden of proof lie on the party challenging the issued patent but also, the standard of proof is high.⁴⁵ The evidence presented before the court to support the assertion of invalidity of a granted patent must be ‘clear and convincing’.⁴⁶ The titleholder enjoys a major advantage when the validity of a granted patent is challenged in a court as persuading the courts to overrule an errant determination would be an uphill battle for challengers of patent validity.

Third, reliance on patent litigation to invalidate low-quality patents is negatively impacted by the public good problem. A court ruling invalidating a patent is a public good. As noted by Eric Williams, ‘a party that successfully challenges a patent’s validity cannot exclude competitors from benefiting from the successful attack’.⁴⁷ The U.S. Supreme Court ruled in 1971 that a party successful in challenging a patent cannot block competitors from relying on the court’s decision.⁴⁸ A free-riding problem develops because the challenging infringer bears all the costs of litigation costs while all potential infringers can benefit from a successful challenge without

⁴¹ Paul R. Gugliuzza, *Quick Decisions in Patent Cases*, 106 GEO. L. J. 630 (April 2018).

⁴² Qin Shi, *Reexamination Opposition, or Litigation-Legislative Efforts to Create a Post-Grant Patent Quality Control System* 31(4) AIPLA Q. J. 435 (October 2003).

⁴³ *Supra* note 16.

⁴⁴ *Supra* note 42.

⁴⁵ FED. TRADE COMM’N, *TO PROMOTE INNOVATION: THE PROPER BALANCE OF COMPETITION AND PATENT LAW AND POLICY: A REPORT BY THE FEDERAL TRADE COMMISSION* 8 (2003).

⁴⁶ ADAM B. JAFFE AND JOSH LERNER, *INNOVATION AND ITS DISCONTENTS: HOW OUR BROKEN PATENT SYSTEM IS ENDANGERING INNOVATION AND PROGRESS, AND WHAT TO DO ABOUT IT* 192-193 (Princeton University Press, Oxfordshire, 3rd ed. 2007).

⁴⁷ Eric Williams, *Remembering the Public’s Interest in the Patent System—A Post-Grant Opposition Designed to Benefit the Public*, B.C. INTELL. PROP. AND TECH. F. 8 (November 2006) <http://bciprf.org/wp-content/uploads/2011/07/27-EricWilliamsIPTF2006.pdf>.

⁴⁸ *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 350 (1971).

sharing the financial burden of court proceedings.⁴⁹ Consequently, the public good phenomenon discourages ‘challenges from competitors that know they can free-ride on another party’s success’.⁵⁰

Fourth, judges are inadequately equipped with the knowledge of technology. Patent documents are written in a highly technical language. It is argued that ‘judges are poorly equipped to read patent documents and construe technical patent claims’.⁵¹ With limited technical knowledge, judges or juries might face serious difficulties ‘when it comes to evaluating competing testimony about the originality of a technical accomplishment’.⁵² Patent cases are not only technically sophisticated but also technology changes from case to case.⁵³ Kimberly A. Moore noted that ‘judges are not ... capable of resolving these issues with sufficient accuracy’.⁵⁴ Judges are ill-equipped to deal with these technically complex issues because ‘most judges have no special knowledge, education or training in the technology that is at issue in a patent case’.⁵⁵ Pre-grant patent opposition not only takes advantage of the Controller’s technical expertise but also preserves judicial time and prevents unnecessary backlog in the judicial system. More importantly, in contrast to courts, which can only uphold or invalidate a patent, patent opposition offers increased flexibility as the patent office can confirm the patent, cancel it, or require it to be amended. It can compel an applicant to narrow the contested claims.⁵⁶

This study supports India’s approach of providing pre-grant opposition procedures because the best way to address the issue of low-quality patents is within the patent office at the examination stage. India complemented its pre-grant opposition procedures with a more formal post-grant opposition. I support this additional safeguard because some low-quality patents may be improperly granted or slip through. Post-grant opposition proceedings provide a quicker, cheaper, and easier option to reverse the issuing mistakes as compared to costly, protracted, and cumbersome patent litigation which unjustifiably favours holders of patents because of a strong presumption of validity.

⁴⁹ MICHAEL A. CARRIER, *INNOVATION FOR THE 21ST CENTURY: HARNESSING THE POWER OF INTELLECTUAL PROPERTY AND ANTITRUST LAW* 210 (Oxford University Press, 2011).

⁵⁰ *Id.*

⁵¹ Doug Lichtman and Mark A. Lemley, *Rethinking Patent Law’s Presumption of Validity*, 60 *STAN. L. REV.* 67 (October 2007).

⁵² *Id.*

⁵³ Kimberly A. Moore, *Are District Court Judges Equipped to Resolve Patent Cases?*, 15 *HARV. J. OF LAW AND TECH.* 30 (September 2001).

⁵⁴ *Id.* 38.

⁵⁵ Kimberly A. Moore, *Judges, Juries, and Patent Cases—An Empirical Peek Inside the Black Box*, 99 *MICHIGAN L. REV.* 374 (May 2000).

⁵⁶ *Supra* note 49.

II. THE ADDITIONAL SAFEGUARD OF A MORE FORMAL INTER-PARTES POST-GRANT OPPOSITION PROCEDURE

Post-grant opposition proceedings in India provide for an inter-partes procedure where the opponent is a party to the proceedings. The rights of the opponent are, therefore, not dependent on the discretion of the Controller. As compared to pre-grant opposition procedures, post-grant opposition procedures are more formal and detailed. As these proceedings are instituted after the grant of the patent, unlike pre-grant opposition, they are not an extension of the patent application procedure.

Before going into details of post-grant opposition proceedings, it is important to note that neither the principle of *res judicata* nor the doctrine of *stare decisis* is applicable to post-grant opposition proceedings in India.⁵⁷ Logically speaking, as the opponent is not a party to the proceedings in the pre-grant opposition, the principle of *res judicata*, which bars further proceedings between the ‘same parties’ on the same subject matter,⁵⁸ should not apply to post-grant opposition proceedings in India. The Controller held in *Shogun Organics Ltd. v. Endura SPA* case that the doctrine of *stare decisis* is also not applicable to the post-grant opposition proceedings because the claims disputed in pre-grant and post-grant opposition are different.⁵⁹ In post-grant opposition proceedings, the granted claims of the impugned patent are challenged by the opponents whereas in pre-grant opposition the claims as filed are challenged.⁶⁰

Filing a notice of opposition in a prescribed manner is the first step in initiating post-grant opposition proceedings. Notice of post-grant opposition can be filed to the Controller by ‘any person interested’.⁶¹ For maintainability of post-grant proceedings, the opponent’s nature of interest needs to be within the ambit of section 2(1)(t) of the Patents Act which defines ‘person interested’. The notice of opposition can be filed ‘[a]t any time after the grant of patent but before the expiry of one year from the date of publication of grant of a patent’⁶² in the official

⁵⁷ *Shogun Organics Ltd. v. Endura SPA*, 2014 SCC IPAB 6 (India).

⁵⁸ The Code of Civil Procedure 1908, §11 (India).

⁵⁹ *Shogun Organics Ltd. v. Endura SPA*, 2014 SCC IPAB 6 (India).

⁶⁰ *Id.*

⁶¹ The Patents Act, 1970, No. 39, Acts of Parliament, 1970, §25(2) (India).

⁶² *Id.*

journal. Unlike the pre-grant opposition, post-grant opposition proceedings cannot be instituted free of charge. The opponent is required to pay the prescribed fee.⁶³

The post-grant opposition can be filed on the grounds provided in section 25(2) which provides an exhaustive list of grounds of pre-grant opposition by specifically stating ‘but on no other ground’.⁶⁴ The additional grounds added to the opposition after the prescribed time limit are not allowed.⁶⁵

Along with the notice of opposition, the opponent shall send a written statement of opposition in duplicate setting out the nature of the opponent’s interest, the facts upon which she bases her case, the relief sought and evidence, if any.⁶⁶ In *Boehringer Ingelheim Pharma GMBH & Co. v. Cipla Ltd.* case, an important question was raised whether the requirement of evidence to be filed under rule 57 is optional or mandatory.⁶⁷ The patentee argued that it is a well-settled principle in patent law that it is the challenger who has to discharge the onus through the filing of verifiable evidence while dealing with invalidity grounds.⁶⁸ The patentee further argued that under section 79 of the Patents Act, the evidence before the Controller shall be given by way of affidavit.⁶⁹ The patentee, therefore, asserted that in the ‘absence of having filed evidence by way of affidavit, the oral arguments made by the opponent’s legal counsel before the Controller at the hearing cannot take the place of evidence or pleadings’.⁷⁰

The opponent, on the other hand, contended that under rule 57, the filing of evidence is not mandatory and the ‘decision about its filing is left to the opponent and the merits of the documentary evidence supporting the written statement’.⁷¹ The opponent contended that ‘the Controller is a creature of the patent law’ who is appointed to the position due to her technical qualifications and she determines the patentability of an invention without hiring the services of an expert.⁷² The expert affidavit is, therefore, not necessary if sufficient documentary evidence has been provided.⁷³ The Controller ruled that ‘the requirement of evidence to be filed is optional. If the opponent is successful in proving obviousness on the basis of documents in

⁶³ *Id.*

⁶⁴ (The grounds of filing pre-grant opposition and post-grant opposition are similar in India).

⁶⁵ *M/s F. Hoffmann LA Roche AG v. M/s Ranbaxy Laboratories Ltd. and Others*, 959/MAS/1995, 27.

⁶⁶ Patents Rules, 2003, r 57 (India).

⁶⁷ *Boehringer Ingelheim Pharma GMBH and Co. v. Cipla Ltd.*, 558/DEL NP/2003, 15.

⁶⁸ *Id.*

⁶⁹ *Id.* at 16.

⁷⁰ *Id.* at 19.

⁷¹ *Id.*

⁷² *Id.* at 24.

⁷³ *Id.* at 23.

combination with the common general knowledge, then additional evidence may not be required'.⁷⁴ The evidentiary standards in post-grant opposition proceedings are, therefore, less strict as compared to patent litigation.

On receipt of notice of opposition, the Controller is required to notify the patentee⁷⁵ and constitute an Opposition Board.⁷⁶ The language of rule 56 of the Patents Rules suggests that the constitution of the Opposition Board is a mandatory requirement and it is not dependent on the discretion of the Controller. The Controller is, however, not bound by the recommendations of the Board.⁷⁷

On the completion of the presentation of evidence from both parties and on receiving the recommendation of the Opposition Board, the Controller fixes a date and time for the hearing of the opposition in the exercise of her discretionary powers under the rules. The Controller gives the parties at least ten days' notice of such hearing and may require members of the Opposition Board to be present at the hearing.⁷⁸ If either party to the proceedings desires to be heard, she needs to inform the Controller by a notice.⁷⁹

After hearing the party or parties desirous of being heard, the Controller decides the opposition and notifies her decision to the parties. The Patents Act and the Patents Rules do not prescribe a time limit for the Controller to decide the opposition after completion of the proceedings. Both the patent holder and the opponent have a right to appeal the decision of the Controller in the post-grant opposition proceedings because the opponent is a party to the proceedings and enjoys all rights and privileges.⁸⁰ The appeal can be made to the Intellectual Property Appellate Board (IPAB) within three months from the date of the Controller's decision.⁸¹

India has, therefore, supplemented its less formal pre-grant opposition proceedings with more formal post-grant opposition proceedings where the opponent is a party to the proceedings and gets a proper opportunity to make her case and to appeal the decision if not satisfied with the Controller's decision. This study supports India's approach of providing this additional safeguard

⁷⁴ *Id.* at 76.

⁷⁵ The Patents Act, 1970, No. 39, Acts of Parliament, 1970, §25(3)(a) (India).

⁷⁶ *Id.* §25(3)(b).

⁷⁷ Patents Rules, 2003, r 62(5) (India).

⁷⁸ *Id.* r 62(1).

⁷⁹ *Id.* r 62(2).

⁸⁰ The Patents Act, 1970, No. 39, Acts of Parliament, 1970, §117A (2) (India).

⁸¹ *Id.* § 117A(4).

because for third parties, especially civil society organizations, administrative post-grant proceedings are a far more viable option to challenge the validity of questionable patents as compared to costly and cumbersome patent litigation.

III. INDIA'S PATENT OPPOSITION MODEL LACKS CLARITY AND LEGAL CERTAINTY

A. Lack of Clarity Regarding Date of Grant of Patent

The date of grant of patent is crucial when it comes to filing a pre-grant or post-grant opposition. The Patents Act, under section 25(1), confers an unrestricted and complete right on any member of the public to file pre-grant opposition any time after the publication of a patent application and before the grant of the patent but the date of the grant of patent remains controversial. This controversy or confusion regarding the date of grant of patent is rooted in the fact that there is no statutory provision in the Act, and/or in the Rules framed thereunder, regarding the date of grant of a patent.

The grant procedure in India comprises of the following four stages: (a) Grant by controller on patent file; (b) According of serial number to the patent; (c) Entry of grant in the register of patent and issuance of letter of patent; and (d) Publication of grant under section 43(2) of the Patents Act.⁸² The grant procedure completes with the completion of these four stages.⁸³ There is a difference between 'in order for grant of patent' and 'grant of patent'. This distinction was highlighted in *Pfizer Products Inc. v. Natco Pharma Ltd.* case.⁸⁴ The patent applicant agitated the issue of considering the opposition proceeding only under post-grant opposition because of the fact that the patent application was found 'in order for grant of patent' before the pre-grant opposition was filed. The patent applicant argued that 'in order for grant of patent' by the Controller is equivalent to 'grant of patent' and therefore no pre-grant opposition should be allowed and letters patent should be issued to the patent applicant.⁸⁵ The Controller concluded that section 43 has clearly distinguished between a patent that has been found to be 'in order for grant of patent' and the 'grant of patent'. The time gap between these two activities is actually allowed by the law to complete the official formalities.⁸⁶ In the instant case, the opposition was taken as pre-grant opposition because section 25(1) clearly defines the time limit for opponents

⁸² *Supra* note 9, 112.

⁸³ *Id.*

⁸⁴ *Pfizer Products Inc. v. Natco Pharma Ltd.*, 537/DEL/1996.

⁸⁵ *Id.*

⁸⁶ *Id.*

to file a pre-grant opposition up to grant of a patent and the patent could not be granted in this case before the pre-grant opposition was filed.⁸⁷

Another issue related to grant of patent was raised in *M/s Tibotec Pharmaceuticals Ltd. v. M/s Cipla Ltd.* case where the patent applicant submitted that the patent is granted by ‘the letter of notification of grant’ by the Patent Office to the patent applicant and not by ‘the issuance of the Patent Certificate’.⁸⁸ The applicant argued that the date of issuance of the letter of notification of grant is the date of grant of a patent after which pre-grant procedures cease to apply. After this date, any opposition has to be made as a post-grant opposition. The applicant cited the case of *Nokia Mobile Phones (UK) Ltd. Application* (19961 RPC 733) where it was held by the Court that the Patent Office did not have the power to withdraw an application once notification of grant had been issued.⁸⁹ The applicant argued that the issuance of Patent Certificate was merely an evidence of the grant. The applicant referred to the ruling of the Honourable Supreme Court of India in various matters where it has time and again held that ‘[w]e must always remember that procedural law is not to be a tyrant but a servant, not an obstruction but an aid to justice. It has been wisely observed that procedural prescriptions are the hand-maid and not the mistress, a lubricant, not a resistant in the administration of justice’.⁹⁰ The applicant submitted that non-issuance of Patent Certificate, which is merely a procedural formality, ought not to take away a substantive right that accrued to the applicant for patent upon grant.⁹¹

The opponent, on the other hand, argued that letter of the grant was not issued under any statutory obligation and was merely a good gesture from the Patent Office to intimate the applicant that the application has been found in order for grant. The opponent further argued that there were several instances where the Patent Certificate was directly issued without the issue of such a letter.⁹² The Controller, in his decision, referred to section 43 which stipulates that ‘where an application for a patent has been found to be in order for grant of the patent ... The patent shall be granted as expeditiously as possible to the applicant ... with the seal of the patent office and the date on which the patent is granted shall be entered in the register’.⁹³ The Controller also referred to Rule 74 which provides that ‘[t]he patent certificate shall ordinarily be

⁸⁷ *Id.*

⁸⁸ *M/s Tibotec Pharmaceuticals Ltd. v. M/s Cipla Ltd.*, India, 1647/DELNP/2000, 3.

⁸⁹ *Id.*

⁹⁰ *Id.*

⁹¹ *Id.*

⁹² *Id.*

⁹³ *Id.*

issued within seven days from the date of grant of a patent under section 43'.⁹⁴ The Controller identified following three activities for a final grant of Patent: (a) Application must be found in order of grant; (b) Seal of Patent Office must be put or Letters Patent should be generated; and (c) Date of the grant must be entered in the register.⁹⁵

The Controller noted that there may be a time lag in the application found in order of grant and finally grant of patent. In the case at hand, the letter issued by the Patent Office stated: 'Your above Application for patent has been found in order for grant. However, the Patent Certificate will be issued only after processing of the Application under Section 11(a) and completion of the statutory limit and disposal of pre-grant opposition, if any'.⁹⁶ The Controller held that the opponent had a right to file pre-grant opposition because the patent had not been granted and there were further conditions that needed to be fulfilled.⁹⁷

To make things easier, the Controller noted in *Sanofi Synthelabo v. Glenmark Pharmaceuticals Ltd.* case that both pre- and post-grant oppositions are linked to the public notification process.⁹⁸ The pre-grant opposition 'can be filed only after the notification of the application in the Patent Office Journal and the post-grant opposition can be filed only after the notification of the grant in the Patent Office Journal'. The public is aware of the grant only when the grant of a specific patent has been notified in the Patent Office Journal. Only after the notification of the grant, the public becomes conscious that the option of pre-grant opposition has been lost.⁹⁹

The issue of the distinction between grant and publication was raised again in the *M/s SKC Ltd. v. M/s Mandalapu Nageshwara Rao* case.¹⁰⁰ The Controller noted that under section 25(2), post-grant opposition can be filed '[a]t any time after the grant of patent but before the expiry of a period of one year from the date of publication of the grant of patent'.¹⁰¹ The Controller noted that it is clear from the wording of section 25(2) that the grant of patent and publication of the said grant are altogether different activities. Since the post-grant opposition under section 25(2) can be filed after the grant of a patent but before completion of one year from the date of publication of the said grant, this means that the total time to file a post-grant opposition is one year plus 'some days'. The phrase 'some days' means the time period between the grant and the

⁹⁴ *Id.*

⁹⁵ *Id.*

⁹⁶ *Id.*

⁹⁷ *Id.*

⁹⁸ *Sanofi Synthelabo v. Glenmark Pharmaceuticals Ltd.*, 414/KOL-NP/2004, 9.

⁹⁹ *Id.*

¹⁰⁰ *M/s SKC Ltd. v. M/s Mandalapu Nageshwara Rao*, 1544/DELNP/2004, 5.

¹⁰¹ The Patents Act, 1970, No. 39, Acts of Parliament, 1970, §25(2) (India).

publication thereof. The said 'some days' are actually required for technical preparation of the grant publication in the official journal.¹⁰² The Controller observed that if the intention of the legislature was to make the date of publication as the date of grant of patent, then the prescribed time period for filing a post-grant opposition should have been one year from the date of publication.¹⁰³

It is clear from these cases that India's patent laws and rules lack clarity regarding date of grant of patent. Parties have repeatedly contested this issue during proceedings. Addressing this question during proceedings results in unnecessary delays and adversely impacts the speed efficiency of the Indian patent opposition model.

B. Lack of an Exhaustive Definition of 'Person Interested'

Notice of post-grant opposition can be filed by 'any person interested'.¹⁰⁴ 'Persons interested' has been defined in the Patents Act as 'person interested includes a person engaged in, or in promoting, research in the same field as that to which the invention relates'.¹⁰⁵ Interpretation of this provision has been an issue in several cases because the section does not provide any exhaustive definition of the phrase 'person interested' but it gives a very wide meaning of the same. A person engaged in, or in promoting research in the same field has a very wide meaning. The interest may vary from case to case. Moreover, this definition of 'person interested' does not differentiate between a natural person and a legal entity to file the post-grant opposition under the Act. The definition is wide enough to include both a natural person and a juridical person or a legal entity like a company or an organization.

There are a number of cases in India where patentee challenged the eligibility of the opponent to file post-grant opposition. In *Shogun Organics Ltd. v. Endura SPA* case, the patentee argued that the opponents did not qualify the definition of 'Persons interested'. The opponents manufactured and sold mosquito repellents whereas the invention in question, related to the process of manufacturing d-trans Allethrin. The fact that said chemical was used by the opponents in their mosquito repellents did not make them 'Persons interested' in the process of manufacturing d-trans Allethrin because the manufacture of an end product is different from the manufacture of chemical/active ingredient used in the end product.¹⁰⁶ The opponents, on the

¹⁰² M/s SKCLtd. v. M/s Mandalapu Nageshwara Rao, 1544/DELNP/2004, 5.

¹⁰³ *Id.*

¹⁰⁴ The Patents Act, 1970, No. 39, Acts of Parliament, 1970, §25(2) (India).

¹⁰⁵ *Id.* § 2(1)(t).

¹⁰⁶ *Id.*

other hand, contested this assertion and referred to the book *Patent Law*.¹⁰⁷ In the context of the *locus standi* of person interested, the author of this book cited the case of *Merron's Appln*¹⁰⁸ wherein it was observed that there are following three clear grounds upon which an opponent can establish *locus standi* to oppose: (a) the possession of patents relating to the same matter as the application opposed; (b) a manufacturing interest; and (c) a trading interest.¹⁰⁹ The Controller agreed with the citation quoted from Narayanan's book. The Controller noted that '[p]atents are for development of technology and are one of the major driving forces of trades and industries. Therefore, a person need not be a researcher alone in order to oppose a patent'.¹¹⁰ The Controller further noted that '[i]t would be sufficient, if he is manufacturer or trader of the same substances or of substances which are derived from the substances of impugned patent'.¹¹¹ The Controller rejected the argument of the patentee and held that the opponents are qualified as 'Persons interested' within the meaning of the Patents Act 1970.

The question of *locus standi* was also raised in *M/s. Lambda Eastern Telecommunications Ltd. v. M/s. ACME Telepower Pvt. Ltd.* case. In this case, the Controller observed that 'the definition is inclusive in nature. Any person including an organization that has a manufacturing or trading interest in the goods connected with the patented article or who has a financial interest in manufacturing such goods or who possesses patents related to the same subject, is considered a person interested'.¹¹²

The same question was raised again in *M/s F. Hoffmann La Roche AG M/s Ranbaxy Laboratories Ltd. and Others* case,¹¹³ where DNP+ opposed an HIV drug patent arguing that an organization representing persons living with HIV is included in the ambit of 'person interested' as defined in the Patents Act.¹¹⁴ The patentee, on the other hand, argued that DNP+ was not a 'person interested' within the meaning of section 2(1)(t) of the Patents Act as DNP+ had no manufacturing, trading or research interest in the invention.¹¹⁵ The Controller referred to the *Ajay Industrial Corporation v. Shiro Kansa* case¹¹⁶ in which the Court had observed that 'a person interested ... must be a person who has a direct, present and tangible commercial interest or

¹⁰⁷ PARAMESWARAN NARAYANAN, *PATENT LAW* ¶ 8 to 13 (183 Eastern Law House, Kolkata, 1985).

¹⁰⁸ *Merron's Appln.* (1944) 61 R.P.C. 92 (C.-G.)

¹⁰⁹ *Endura Spa of Viale Pietramellara v. Manaksia Ltd.*, 897/MUM/2007, 10.

¹¹⁰ *Id.*

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ *M/s F. Hoffmann La Roche AG v. M/s Ranbaxy Laboratories Ltd. and Others*, 959/MAS/1995.

¹¹⁴ *Id.*

¹¹⁵ *Id.*

¹¹⁶ *Ajay Industrial Corporation v. Shiro Kansa*, AIR Del 496, (1983).

public interest which is injured or affected by the continuance of the patent on the register'.¹¹⁷ The Controller held that DNP+ was a 'person interested' as its public interest was affected or injured by the continuance of the patent on the register.

The *Sankalp Rehabilitation Trust* case involved a detailed discussion on whether or not a non-governmental or non-profitable organization qualifies as a 'person interested'. The counsel for the Respondent submitted that the 'person interested' might be a person in business or a person who might be a potential infringer. The counsel argued that the Indian legislature had specifically confined *locus standi* to 'person interested' for filing a post-grant opposition.¹¹⁸ To support this argument, the counsel referred to section 2(1)(t) of the Act.¹¹⁹ The counsel also referred to the observations of the Delhi High Court which had observed that 'the legislature appears to have consciously denied to a third party a further statutory remedy of a post-grant opposition in the event of such third party not succeeding in the pre-grant stage'.¹²⁰

The counsel further contended that the 'interest' needs to be a genuine commercial interest.¹²¹ The counsel contended that a non-profitable organization working for the benefit of drug users could not be said to have any interest in the nature as required by the Patents Act.¹²² The counsel submitted that a wide interpretation of the words 'person interested' would mean that any person making a very broad claim of acting in the arena of public health would be entitled to maintain a post-grant opposition. The counsel further submitted that the consideration of public interest could not be accepted because there were several safeguards inbuilt in the Patents Act to protect the public interest.¹²³ He argued for a narrow interpretation of the words so that only a person with a real, tangible and clearly perceived interest in the patent could be allowed to maintain the post-grant opposition.¹²⁴

In response, the counsel for the Appellant submitted that the Appellant was a community-based organization that provided care, support, and treatment for drug users. The counsel argued that the Appellant was definitely a 'person interested' because the patent in question was in respect of a prohibitively expensive medicine for Hepatitis-C which was out of reach of the

¹¹⁷ *Id.*

¹¹⁸ *Sankalp Rehabilitation Trust v. F. Hoffmann La Roche AG and Others*, (2012) SCC OnLine IPAB 167 (India).

¹¹⁹ *Id.*

¹²⁰ *UCB Farchim CA v. Cipla Ltd. and Ors*, 42 PTC 425 (Del.) (2010), 3-4.

¹²¹ (The UK Court of Appeal held in *Globe Industries Corporation's Patent* [1977 RPC 563] that not only should the interest be a commercial interest, it must be a genuine interest and there must be an existence of real prejudice).

¹²² *Sankalp Rehabilitation Trust v. F. Hoffmann La Roche AG and Others*, (2012) SCC OnLine IPAB 167 (India).

¹²³ *Id.*

¹²⁴ *Id.*

community for whom the Appellant worked.¹²⁵ The counsel submitted that the word ‘interested’ needed to be construed so as to mean an opponent having an interest in the grant of a particular patent. The counsel argued that in the entire Patents Act there was a public interest element and such construction was more protective of public interest.¹²⁶

The IPAB observed that in *Ajay Industrial Corporation v. Shiro Kanao*,¹²⁷ the Delhi High Court had held that ‘a person interested within the meaning of section 64 must be a person who has a direct, present and tangible commercial interest or *public interest which is injured or affected by the continuance of the patent on the register* (Emphasis added).¹²⁸ The IPAB also quoted the decision of the Central Intellectual Property and International Trade Court of Thailand in *AIDS Access Foundation and Others v. Bristol-Myers Squibb and Another*¹²⁹ in which it was held that ‘the injured parties from the grant of a patent are not limited to the manufacturers or the sellers of medicine protected by the patent. The patients or those in need of the medicine are also interested parties to the grant of the patent’.¹³⁰

The Board reasoned that a common-sense approach must be taken to construe the interest that the opponent has in opposing the grant of a patent:

*In the present case... The continuance or removal of the patent will definitely affect the interest of the community for whom the appellant claims to work. The appellant has challenged the patent on several grounds, if the challenge succeeds, the monopoly will be broken. This is something the appellant is interested in, since it will bring the drug within the reach of the community for whom it works.*¹³¹

The Board reasoned that ‘public interest is a persistent presence in intellectual property law and will not melt into thin air, nor dissolve’.¹³² The Board held that the Appellant, who worked for a community which needs the medicine, was definitely a ‘person interested’. The Board noted that:

¹²⁵ *Id.* at 5.

¹²⁶ *Id.*

¹²⁷ *Ajay Industrial Corporation v. Shiro Kanao*, AIR Del 496 (1983).

¹²⁸ *Sankalp Rehabilitation Trust v. F. Hoffmann La Roche AG and Others*, (2012) SCC OnLine IPAB 167. (India).

¹²⁹ [Central Intellectual Property and International Trade Court of Thailand], Black Case No. Tor Por 34/2544, Red Case No. Tor Por 93/2545, (2002) (Thailand).

¹³⁰ *Sankalp Rehabilitation Trust v. F. Hoffmann La Roche AG and Others*, (2012) SCC OnLine IPAB 167. (India).

¹³¹ *Id.* at 10.

¹³² *Id.*

*The interest should not be a fanciful interest. ... In the present case, the appellant claims that it is a society which works for the community ... The continuance or removal of the patent will definitely affect the interest of the community for whom the appellant claims to work.*¹³³

It is clear from these cases that interpretation of ‘person interested’ has been an issue in India and it has caused unnecessary delays in several cases.

C. Lack of Clarity About the Withdrawal of Patent Opposition

Whether or not the withdrawal of opposition can be allowed in post-grant opposition proceedings is an important question of law. This question was raised in the *Virgin Atlantic Airways Ltd. v. Jet Airways (India) Ltd.* case.¹³⁴ The opponent and the patentee arrived at a settlement and in consequence thereof, the opponent wanted to withdraw the notice of post-grant opposition. To answer this question of law, the Controller relied on some important orders. The Controller referred to *Rajendra Prasad Gupta v. Prakash Chandra Mishra and Ors.*¹³⁵ In this case, the Court held that ‘Section 151 (Code of Civil Procedure, 1908) gives inherent powers to the court to do justice – it has to be interpreted to mean that every procedure is permitted to the court for doing justice unless expressly prohibited, and not that every procedure is prohibited unless expressly permitted’.¹³⁶

In *Narsingh Das v. Mangal Dubey* case,¹³⁷ the Court observed that ‘Courts are not to act upon the principle that every procedure is to be taken as prohibited unless it is expressly provided for by the Code, but on the converse principle that every procedure is to be understood as permissible till it is shown to be prohibited by the law. As a matter of general principle, prohibition cannot be presumed’.¹³⁸ Relying upon above-mentioned orders, the Controller ruled that there is no express provision in the Patents Act and Rules for prohibiting the withdrawal of notice of post-grant opposition by the parties. There is no bar on considering withdrawal of post-grant opposition proceedings.¹³⁹ The Controller, however, noted that requests for withdrawal of notice of opposition have to be filed along with a Petition. Post-grant opposition proceedings are quasi-judicial proceedings and merely sending a plain letter to the Patent Office stating the intention of

¹³³ *Id.* at 11.

¹³⁴ *Virgin Atlantic Airways Ltd. v. Jet Airways Ltd.*, 500/CHENP/2004.

¹³⁵ *Rajendra Prasad Gupta v. Prakash Chandra Mishra and Ors.*, 2 SCC 705 (2011).

¹³⁶ *Id.*

¹³⁷ *Narsingh Das v. Mangal Dubey*, ILR 5 All 163 (1882).

¹³⁸ *Virgin Atlantic Airways Ltd. v. Jet Airways Ltd.*, 500/CHENP/2004, 4.

¹³⁹ *Id.* at 6.

withdrawal of the opposition proceedings cannot be considered as cognisable.¹⁴⁰ Since the Patents Act/Rules do not prescribe a specific petition for withdrawal of opposition, the opponent submitted a miscellaneous Petition along with the prescribed fee.¹⁴¹

D. The Key Term ‘Enhanced Efficacy’ is Not Defined

Sections 25(1)(f)/25(2)(f) and 25(1)(e)/25(2)(e) link the Indian opposition proceedings with India’s unique substantive threshold provisions like sections 3(d) and s 2(ja). Section 3(d) excludes trivial modifications of known substances from patent eligibility in India unless they satisfy the condition of ‘enhanced efficacy’.¹⁴² The important term, efficacy, is not defined in the Indian patent laws or patent office guidelines. There are no guidelines or clear legal standards to understand what constitutes ‘enhanced efficacy’.

In *Novartis v CIPLA Ltd.*, a pre-grant opposition filed on July 5, 2005, the opponent argued that the alleged invention did not meet the patentability standards under section 3(d) of the Patents Act because it was only a polymorphic form of the known substance with no enhancement of known efficacy as the specification stated that all its pharmacological effects were also found with the free base.¹⁴³ In response to arguments of the opponent regarding ‘enhanced efficacy’, the agent of the patent applicant asserted that Beta-crystalline form of Imatinib Mesylate was not a mere discovery, but an invention.¹⁴⁴ The Controller ruled that subject matter of patent application was not patentable under section 3(d) of the Act. The patent application did not claim a new substance. It was only a new form of a known substance and failed to prove any significant enhancement of known efficacy.¹⁴⁵ The Controller reasoned that mere 30% difference in bioavailability might be due to the difference in the solubility in water.¹⁴⁶

Novartis AG, aggrieved by the decision, appealed to the Madras High Court and contended that Beta-Crystalline form of Imatinib Mesylate was not a mere discovery of a new form of a known substance but an invention because the beta-crystal form could not be achieved without human intervention and ingenuity as there was nothing in the prior art to suggest how to make this new form.¹⁴⁷ On November 13, 2007, IPAB was directed by the Madras High Court to

¹⁴⁰ *Id.*

¹⁴¹ *Id.* at 7.

¹⁴² The Patents Act, 1970, No. 39, Acts of Parliament, 1970, §3(d) (India).

¹⁴³ *Novartis AG v. Cipla Ltd.*, (2015) 64 PTC 488 (India).

¹⁴⁴ *Id.* at 4.

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

¹⁴⁷ *Novartis AG v Union of India and Others*, (2013) 6 SCC 1 (India).

constitute a special bench to hear the Novartis' appeal. The IPAB upheld the decision of the Controller and found that Novartis' patent application did not meet the patentability standards set under s 3(d) of the Patents Act.¹⁴⁸ The Board stated that the Madras High Court had already defined the term 'efficacy' as 'therapeutic effect in healing a disease or having a good effect on the body' keeping in view the intent of the legislature to prevent 'evergreening' of pharmaceutical patents.¹⁴⁹ The Board observed that bioavailability was not the same as therapeutic efficacy because therapeutic efficacy was different from the advantageous property of a drug.¹⁵⁰ The demonstration of a 30% increase in bio-availability of the subject compound by the patent applicant did not establish actual enhancement of known efficacy.¹⁵¹

Novartis AG, aggrieved by the decision, approached the Supreme Court of India and filed a special leave petition, under Art. 136 of the Constitution of India,¹⁵² to appeal the decision of the IPAB. Novartis AG contended that Glivec or Beta-Crystal form of Imatinib Mesylate was without precedent because prior to Glivec, no other form of Imatinib Mesylate had shown efficacy in Chronic Myeloid Leukemia.¹⁵³ Novartis AG further contended that the scope of the term 'efficacy' could not be narrowed down to only mean clinical efficacy. The enhanced efficacy could be demonstrated by various technical features of a new form.¹⁵⁴ Furthermore, Novartis argued that in the field of pharmacology, with 20-25% increase in bio-availability, a substance is not considered bioequivalent with another compound under comparison and cannot, therefore, be termed as the 'same substance' because enhanced bio-availability leads to enhanced efficacy.¹⁵⁵

The Supreme Court noted that 'efficacy' means 'the ability to produce a desired or intended result' and in the case of a medicine, the test of efficacy can only be 'therapeutic efficacy'.¹⁵⁶ The Court observed that the explanation to section 3(d) required the derivative to 'differ significantly in properties *with regard to efficacy* (Emphasis added)' which in the case of

¹⁴⁸ *Id.* at 10(v).

¹⁴⁹ *Id.*

¹⁵⁰ *Id.*

¹⁵¹ *Id.*

¹⁵² (Art. 136 of the Constitution of India deals with special leave to appeal by the Supreme Court. It provides that '(1) Notwithstanding anything in this Chapter, the Supreme Court may, in its discretion, grant special leave to appeal from any judgment, decree, determination, sentence or order in any cause or matter passed or made by any court or tribunal in the territory of India. (2) Nothing in clause (1) shall apply to any judgment, determination, sentence or order passed or made by any court or tribunal constituted by or under any law relating to the Armed Forces').

¹⁵³ *Novartis AG v Union of India and Others*, (2013) 6 SCC 1 (India).

¹⁵⁴ *Id.*

¹⁵⁵ *Id.*

¹⁵⁶ *Id.*

medicine was its therapeutic efficacy.¹⁵⁷ As regards the issue of 30% increase in bioavailability, the Court reasoned that just increased bioavailability alone might not necessarily lead to an enhancement of therapeutic efficacy.¹⁵⁸ On April 1, 2013, the Supreme Court ruled that the Beta-Crystalline form of Imatinib Mesylate failed the test of section 3(d).¹⁵⁹ It is important to note that it took nearly eight years, from July 5, 2005, to April 1, 2013, to determine what constitutes efficacy under section 3(d).

Section 2(ja) adds additional requirements of ‘technical advance’ and ‘economic significance’ to the inventive step threshold. The important terms, ‘technical advance’ and ‘economic significance’, are also not defined in the Indian patent laws or patent office guidelines. In order to make patent validity challenges time-efficient and in order to minimize the chances of arbitrary use of powers by patent examiners in terms of interpreting ss 3(d) and 2(ja), India should provide guidelines or clearer legal standards to understand what constitutes ‘enhanced efficacy’, ‘technical advance’ and ‘economic significance’.

IV. CONCLUSION

India’s pre-grant opposition procedures provide a less formal and less costly means of gathering crucial information from third parties. The pre-grant opposition mechanism provided under section 25(1) of the Patents Act 1970 and rule 55 the Patents Rules 2003, is not designed to make the opponent a party to the proceedings.¹⁶⁰ The Patents Act and the Patents Rules do not contain any provision that imposes the burden of proof on the opponent in pre-grant opposition proceedings.¹⁶¹ More importantly, India’s pre-grant opposition proceedings have a ‘prevention is better than cure approach’ because low-quality patents do not make it to grant if opposed successfully at the stage of examination. The best way to address the issue of low-quality patents is, therefore, within the patent office at the examination stage.

¹⁵⁷ *Id.*

¹⁵⁸ *Id.* at 188.

¹⁵⁹ *Id.* at 195.

¹⁶⁰ (Patents (Amendment) Ordinance 2004 provided for pre-grant representation under s 25. Section 25(2) of the Ordinance specifically stated that ‘the person making a representation referred to in that sub-section shall not become a party to any proceedings under this Act only for the reason that he has made such representation’. Though s 25 was amended under the Patents (Amendment) Act 2005 to provide for pre-grant opposition proceedings and new provision was silent on whether or not the pre-grant opponent is a party to the proceedings, the previous provision can still be used to show the intent of the legislature).

¹⁶¹ *Anglo Operations Ltd. v. AIA Engineering Pvt. Ltd.*, 690/DEL/95, 10.

India complemented its pre-grant opposition procedures with a more formal inter-partes post-grant opposition. India's post-grant opposition proceedings are, however, less costly¹⁶² and less cumbersome as compared to patent litigation. The requirement of evidence to be filed is optional.¹⁶³ This study supports this additional safeguard because some low-quality patents may be improperly granted or slip through. Post-grant opposition proceedings provide a quicker, cheaper, and easier option to reverse the issuing mistakes as compared to costly, protracted, and cumbersome patent litigation which unjustifiably favours holders of patents because of higher evidentiary requirements.

This study found that India's patent opposition model lacks clarity and legal certainty. The date of grant of patent is crucial when it comes to filing a pre-grant or post-grant opposition. There is no statutory provision in the Patents Act or in the Patents Rules regarding the 'date of grant' of a patent.¹⁶⁴ Notice of post-grant opposition can be filed by 'any person interested'.¹⁶⁵ India's patent laws and rules do not provide an exhaustive definition of 'person interested'. Consequently, there are a large number of cases in India where patentee challenged the eligibility of the opponent to file post-grant opposition.¹⁶⁶ The Patents Act and Patent Rules are also completely silent on whether or not the withdrawal of notice of post-grant opposition by the parties can be allowed.¹⁶⁷

Sections 25(1)(f)/25(2)(f) and 25(1)(e)/25(2)(e) link the Indian opposition proceedings with India's unique substantive threshold provisions like section 3(d) and section 2(ja). India requires 'enhanced efficacy' for patent eligibility under section 3(d) of the Indian Patents Act.¹⁶⁸ The important term, efficacy, is neither defined in the Indian patent laws nor in the patent office guidelines. There are no guidelines or clear legal standards to understand what constitutes 'enhanced efficacy'. Furthermore, section 2(ja) defines inventive step as 'a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art'.¹⁶⁹

¹⁶² Patents Rules, 2003, Entry 9 of First Schedule (India).

¹⁶³ *Boehringer Ingelheim Pharma GMBH and Co. v. Cipla Ltd.*, 558/DELNP/2003, 76.

¹⁶⁴ *M/s Tibotec Pharmaceuticals Ltd. v. M/s Cipla Ltd.*, 1647/DELNP/2000, 2009, 3.

¹⁶⁵ The Patents Act, 1970, No. 39, Acts of Parliament, 1970, §25(2) (India).

¹⁶⁶ See, for instance, *Endura Spa of Viale Pietramellara v. Manaksia Ltd.*, 897/MUM/2007, 10; *M/s F. Hoffmann La Roche AG v. M/s Ranbaxy Laboratories Ltd. and Others*, 959/MAS/1995; *Sankalp Rehabilitation Trust v. F. Hoffmann La Roche AG and Others*, (2012) SCC OnLine IPAB 167. (India).

¹⁶⁷ *Virgin Atlantic Airways Ltd. v. Jet Airways Ltd.*, 500/CHENP/2004.

¹⁶⁸ The Patents Act, 1970, No. 39, Acts of Parliament, 1970, §3(d) (India).

¹⁶⁹ *Id.* §2(ja).

The important terms 'technical advance' and 'economic significance' are not defined in the Indian patent laws or patent office guidelines.

**SPACE AGENCIES, PATENTS AND TECHNOLOGY TRANSFERS: PRACTICES
FROM AROUND THE WORLD**

R. ANANTHESH* AND SUHAN S**

ABSTRACT

In 2019, the National Aeronautics and Space Administration (“NASA”), held the program ‘Apollo 50: The role of intellectual property in space commerce’. One of the most significant developments that were noted was NASA’s engagement with partners from the private sector and discussions on an intellectual property (“IP”) regime that would further incentivize private sector investments and involvement. The very next year, the Union Government of India came out with an announcement stating that the space sector would be thrown open to private players as well. This was followed by reforms ensuring room for private sector participation and the sharing of the Indian Space Research Organization (“ISRO”) patented technology for the growth and development of a strong domestic private space industry. The trend is clear. Space agencies are increasingly incentivizing the space sector and liberalizing the IP regime associated with it, for greater private sector involvement. This can be mainly seen by transfers of patented technology of space agencies to the private partners, who in turn commercialize the same for the development of new products and technologies that propel human advances in space exploration or develop products based on such technologies for benefitting life on Earth. In light of these advances, the authors of this work undertake the task of exploring the technology transfer programs and IP policies of major space agencies such as NASA and the European Space Agency (“ESA”), and how India’s policies fare in comparison. This work utilizes both primary sources of information such as legislative and executive materials, as well as secondary sources of information such as published papers, dissertations and symposiums. This analysis has consequently found that the new policies would aid in attracting private sector involvement and potential areas of improvement have also been suggested, as a result therein.

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I. INTRODUCTION

Intellectual Property is widely accepted as being one of the bedrocks that help facilitate investments in commerce, thus resulting in greater research and development and consequently, greater innovations. This importance has been recognized by space agencies as well, which not only recognize the role that IP plays in rewarding and incentivizing innovation¹, but also the significance it poses in incentivizing the private sector as well in activities leading to space commercialization.² That is, IP such as patents may also be used by space agencies to engage with other private enterprises.

On 26th June 2020, the Union Cabinet approved changes to the sector of space exploration in India, aiming to boost the participation of private players.³ ISRO Chairman Dr. K. Sivan has pointed out that the reforms allowing the private sector to participate in the space sector were introduced, keeping in mind the fact that the global space economy is around \$366 billion as of 2019, of which India's share was only less than 3%.⁴ Tapping this enormous market would be a substantial opportunity, for which private players' involvement would be needed.⁵ He further went on to say that though earlier, everything was done by ISRO, the perception of the future of space activities is changing with private players being given equal opportunities.⁶ A part of this also involves the sharing of technologies by ISRO with the private players.⁷ Such sharing forms the crux of the subject matter of this paper as it brings out the question of how technology transfers and the issue of intellectual property will be tackled by ISRO, in its dealing with Non-Governmental Private Entities. To give context to this analysis, the approaches of some of ISRO's counterparts from other countries are also looked into.

This paper undertakes the task of analyzing some of the major changes in the IP and technology transfer policy of the Indian Space Research Organization in light of the renewed emphasis on the private sector participation and its relevance. To chart out the same, first, the relevance of

¹ESA, *Industry and Intellectual Property*, THE EUROPEAN SPACE AGENCY, https://www.esa.int/About_Us/Business_with_ESA/How_to_do/ESA_Industry_and_Intellectual_Property, (last visited Mar. 20, 2021).

² Barbara Luxenberg, *Protecting Intellectual Property in Space*, 27 PROC. ON L. OUTER SPACE 172 (1984).

³ *India opens space sector to private players: What it means for ISRO*, FINANCIAL EXPRESS (Jun. 26, 2020), <https://www.financialexpress.com/lifestyle/science/india-opens-space-sector-to-private-players-what-it-means-for-isro/2005105/>.

⁴UPES, *Future of Aerospace & Avionics in India*, YOUTUBE (Mar. 12, 2021), <https://www.youtube.com/watch?v=flsPoMSm1-o>.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

intellectual property for space agencies shall be looked into. Second, the policies from other space-faring nations who are leaders in the field of technology transfer and intellectual property, i.e., the US and the EU shall also be looked into, to acquaint ourselves with the best practices from around the world. Third, we shall come to the Indian scenario and look into the erstwhile policies of technology transfer and handling of IP that was followed by ISRO. Fourth, the new policy shall be assessed to understand some of the major changes vis-à-vis technology transfer and the handling of IP. Fifth, we shall also look into some areas which the authors believe would be worth exploring, as far as future changes to the policy are concerned.

II. RELEVANCE OF PATENTS FOR SPACE AGENCIES

Before going into an analysis of the space policies, one of the pertinent issues to be tackled is the relevance of a patent to a space agency. In fact, *Frank Cepollina*, National Inventors Hall of Fame Inductee, was asked why NASA needs patents if it encourages private players in the space industry.⁸ He stated two reasons:

*“First reason is protection. Most of the companies that you start to work with, that want to make the push, that already have some of the technology but recognize that they need to make a financial push to match up to NASA’s needs, they want to be protected. So somewhere, somehow, you have to have a protection system where their investment makes sense to them economically and which protects them...The other part that never gets talked about is acceleration...when there is a patent or even a patent pending awarded, and NASA puts its list out, all of a sudden, phone calls ring off the hook. Everybody in the country that is interested in that particular technology wants to know what you’re doing, wants to know if they can share in the patent, wants to know if they can get it. So, it accelerates the innovation.”*⁹

A further point lies in an observation made by *Dr. Kathryn Sullivan*, an astronaut on three space shuttle missions. She opined that at times, the ideas behind a technology would normally arise in a ‘NASA lab or a NASA funded University’, thus making the grant of patents to NASA justified.¹⁰ Another reason can be found in the words of the Administration itself where they say that if NASA has the authority according to the Space Act to transfer technology, then an equal responsibility lies on NASA to ‘establish and protect the Government’s rights in inventions to

⁸ USPTOVIDEO, *Apollo 50: The role of intellectual property in space commerce (Part II)*, YOUTUBE (Aug. 2, 2019), <https://www.youtube.com/watch?v=hpuj8Fnu2QU>.

⁹ *Id.*

¹⁰ *Id.*

which NASA has a title.¹¹ Notwithstanding the aforementioned factors, an organization like NASA does recognize the need to provide as much flexibility as possible with regard to the handling of intellectual property rights in light of the involvement of private players.

A. The Nasa Experience

The US is well known for its strides towards the protection of IP and has one of the most robust mechanisms in place for the protection of one's invention. Thus, it is only apt that the country's IP protection regime regarding inventions in the space sector be examined first.

NASA had previously stated that due to a tightening of government budget allocation and an ever-rising number of competitors from around the world, the role of NASA was also constantly evolving. It further went on to say that the various legislations and executive materials available show that the legislative intent is to '*facilitate and support the commercialization of federally funded endeavours.*' That is, '*the support to the United States industry*' should be of utmost priority to NASA.¹² Thus, what NASA seeks to achieve with its inventions, in part, is to commercialize it, which would ultimately benefit the US industry and the society at large, by making available these technologies for daily use of the people. At this juncture, one of the questions that prop up would be why there is a need to involve the US industry in the first place when NASA could have tried to bring the device over which it had patent rights to the market by itself. The answer can be found rooted in the tilt of the US economy towards free markets during the 20th century, as such an act of commercializing the product by itself would have put NASA in a situation of direct competition with the private sector - which was unthinkable at the time of the Cold War and the ideological conflict against communism.¹³

The further emphasis on the commercialization of technology is also visible from the policies adopted by NASA for licensing out its patents. At the time when the negotiation for the terms of the licenses for the technologies are finalized, a proper plan for commercialization has to be provided by the potential licensee and a reasonable time within which the practical application of the invention can be achieved must be specified, if a license is to be obtained. Such commercialization plan must be for the '*development and the marketing of the invention.*' NASA also

¹¹ *Intellectual Property Management*, NASA, https://www.nasa.gov/offices/oct/partnership/partnerships/section_ipm.html (last visited Dec. 10, 2019).

¹² Vernon Williams, *NASA Technical Memorandum 106731 – Intellectual Property Rights at the National Aeronautics and Space Administration, Lewis Research Center*, NASA TECHNICAL REPORTS SERVER 2-3 (Sept. 01, 1994), https://archive.org/details/nasa_techdoc_19950005453.

¹³ Sylvia Kraemer, *NASA, Monopolies and the Cold War: The Origin and Consequences of the National Patent Policy, 1958-1996*, NASA (Oct. 1999), <https://www.hq.nasa.gov/office/codez/plans/R&D/SHOTOCT99.html>.

further its goal of supporting the US industry by giving preference to those potential licensees, who choose to manufacture substantially in the US. One of the distinguishing features of NASA is that apart from non-exclusive licenses, *exclusive or partially exclusive licenses* may also be granted by the Administration. The fact that exclusivity of licenses is allowed, is indicative of the openness of the Administration to look into various avenues to ensure commercialization. However, such exclusivity is not without riders. It must be *reasonably necessary* to the extent that it would incentivize businesses to achieve practical application of the invention. Another safeguard that ensures that the exclusivity would stay in the realm of legality would be that such exclusivity that is granted must not violate Federal anti-trust laws or result in a substantial reduction in the competition. The interests of the Federal Government or US industry in foreign commerce must also be enhanced, in case the invention for which the license is sought, is covered by a foreign patent application or patent.¹⁴

This goes to show the importance that NASA attaches to its *goal of commercialization of technology* and *industry support* and how NASA, through a pragmatic approach, ensures the attainment of these goals. To achieve these two goals, one of the mechanisms used by NASA would be licensing of technologies. For the purpose of this paper, licensing shall be analyzed through NASA's technology transfers and Space Act Agreements.

1. *Technology Transfer and Licensing at NASA*

a) The Intent and Importance of Technology Transfer as highlighted by NASA

Technology transfer is a critical step in making sure that NASA fosters Research and Development (R&D)¹⁵ and commercializes its inventions and technologies, by transferring such rights to the industry partner, university or non-profit organization.¹⁶ Jim Bridenstine, the 13th Administrator of NASA, had stated that licensing of the NASA technologies to private enterprises drives up the competition and further brings down the cost. He predicted a future where many of these private industries would partner with customers who are not necessarily

¹⁴ National Aeronautics and Space Administration, NPD 2090.6A, AUTHORITY TO ENTER INTO LICENSE AGREEMENTS AND IMPLEMENTATION OF LICENSING AUTHORITY 1-2 (2018), https://nodis3.gsfc.nasa.gov/npg_img/N_PD_2090_006A_/N_PD_2090_006A__main.pdf.

¹⁵ National Aeronautics and Space Administration, NPR 7500.2, NASA TECHNOLOGY TRANSFER REQUIREMENTS 14 (2014), https://nodis3.gsfc.nasa.gov/npg_img/N_PR_7500_0002_/N_PR_7500_0002_.pdf.

¹⁶ *Supra* note 12, at 6.

NASA, thus making NASA one customer of many.¹⁷ In 2018, NASA highlighted technology transfer as a strategic objective.¹⁸ Another important outcome of technology transfer is the creation of spinoffs.

b) Affecting Technology Transfer – The T2 program and more

With over 1200 patents available for licensing¹⁹, NASA is a goliath when it comes to technology transfer. As far as such patents are concerned, the T2 portal is a major attraction for those who aim at developing their companies through technology transfer from NASA. Through the usage of its patent licensing program and the T2 portal, the Administration seeks to license and transfer technologies to potential users, so that they may be commercialized. The T2 program aims to transfer NASA technologies developed for space, which would also help solve real life problems on Earth.²⁰ Inventions and technologies developed by NASA inventors, partners, grantees and contractors are disclosed to NASA through the New Technology Reports. Among such technologies, those which are patentable has commercialization potential and conforms to the rest of NASA's policy would be patented and made available on the 'patent portfolio'²¹ section of the T2 program website. This section provides a catalogue of technologies over which NASA has patents. This would help potential licensees to choose from the options available and directly interact with a NASA licensing manager to obtain the licenses.²²

Through this program, the licenses provided to startups would not be accompanied with any initial licensing fees. There will also not be a minimum fee for the first three years. However, there must be express intent from the part of the startup to commercialize the technology, and royalty fees must be paid to NASA once the product starts selling. This policy is applicable only to non-exclusive licenses²³ Moreover, there must be compliance with the requirements provided

¹⁷ USPTOVIDEO, *Apollo 50: The role of intellectual property in space commerce (Part I)*, YOUTUBE (Aug. 2, 2019), <https://www.youtube.com/watch?v=vQjY7GRI-6I>.

¹⁸ National Aeronautics and Space Administration, NASA 2018 STRATEGIC PLAN 24-25 (2018), https://www.nasa.gov/sites/default/files/atoms/files/nasa_2018_strategic_plan.pdf.

¹⁹ Angeline Puranen, *Technology Transfer Office – Strategic Partnership at Ames*, NASA (Aug. 29, 2019), <https://www.nasa.gov/ames/technologytransfer>.

²⁰ NASA SPINOFF, *Technology Transfer Portal welcome video*, YOUTUBE (Oct. 10, 2014), <https://youtu.be/FHkBAIjGq5Y>.

²¹ *NASA Patent Portfolio*, NASA TECHNOLOGY TRANSFER PROGRAM, <https://technology.nasa.gov/patents> (last visited Dec. 25, 2019).

²² *Id.*; See *NASA's Technology Transfer Process*, NASA TECHNOLOGY TRANSFER PROGRAM, <https://technology.nasa.gov/ipprocess> (last visited Mar. 01, 2021); See also *How to License NASA Technology*, NASA TECHNOLOGY TRANSFER PROGRAM, <https://technology.nasa.gov/license> (last visited Mar. 01, 2021).

²³ (However, NASA would be open to negotiation on the grant of further exclusivity, if the startup wishes to do so.)

in federal licensing statutes and NASA policy, including the development of a commercialization plan and reporting on efforts to achieve practical application.²⁴

The mechanism adopted by the Administration to transfer technologies are also quite vast. Apart from the T2 program, technology transfer may also be affected through the process of an ‘IP auction’, which involves the utilization of the services of an intermediary to auction NASA technologies.²⁵ The highest bidders from this auction would end up obtaining the licenses.

c) Spinoffs

This focus on commercializing inventions and helping businesses use NASA technologies to make products for the market has resulted in nearly 2000 products that have incorporated NASA technology or experience, since 1976. Such products are called spinoffs.²⁶ From technologies to combat water pollution and inventions such as winglets in airplanes, to enriched baby formula and inexpensive ventilators and more, these spinoffs have impacted our daily lives for the better.²⁷

2. *Space Act Agreements and Licensing at NASA*

The following two aspects of Space Act Agreements may be analyzed, for the purpose of the discussion at hand:

a) Handling of IP when the work of the Inventive type is not done for NASA

Apart from the T2 program, another aspect of importance, vis-à-vis the licensing of technologies between the Administration and partner entities would be through certain ‘other transactions.’ Such transactions have been conceived as a way for NASA to enter into agreements with any US agency or instrumentality, another State, Territory, possession, political sub-division thereof,

²⁴ Press Release, Joshua Buck, Public Affairs Specialist for Human Exploration and Operations and NASA Technology, *NASA Offers Licenses of Patented Technologies to Start-Up Companies* (Oct. 7, 2015), <https://www.nasa.gov/press-release/nasa-offers-licenses-of-patented-technologies-to-start-up-companies>.

²⁵ NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, PLAN FOR ACCELERATING TECHNOLOGY TRANSFER AT NASA 7-8 (2012), https://www.nasa.gov/pdf/709314main_NASA_PLAN_FINAL.pdf.

²⁶ *What is a spinoff and what is spinoff*, FREQUENTLY ASKED QUESTIONS, <https://spinoff.nasa.gov/faq> (last visited Aug. 20, 2020); *See* NASA SPINOFF, <https://spinoff.nasa.gov/> (last visited Aug. 20, 2020).

²⁷ *40 Years of NASA Spinoff*, NASA, <https://www.nasa.gov/offices/oct/40-years-of-nasa-spinoff> (last visited Mar. 18, 2021); *See Spinoffs: How NASA Technologies Benefit Life on Earth*, PLANETARY (Mar. 03, 2021), https://www.planetary.org/planetary-radio/dan-lockney-nasa-spinoff21?fbclid=IwAR0i1ESZHCqWYeWeQUtn4M7rBKqGTjLFdKkxPjaH5wsL-DpS8veBk_VuqA.

person, firm, corporation, association or educational institution.²⁸ Such agreements are called Space Act Agreements (“SAA”).²⁹ The importance of these agreements lie in the fact that it gives legroom for NASA to negotiate and tailor its intellectual property clause, as long as the work of the inventive type is not being performed by the partner for NASA, but for its own benefit, thus distinguishing it from procurement contracts.³⁰

The flexibility in negotiations that SAAs provide has resulted in several ways in which the intellectual property that arise out of these agreements are handled.³¹ In most cases, the patent rights over the inventions and technologies developed by the parties will remain with themselves. However, if some joint activities are performed and NASA’s work would normally result in some sort of invention, NASA may choose to waive its rights and grant an *exclusive* or *partially exclusive commercial license*, subject to the retention of a *government purpose license* and a non-exclusive license to the contractor (where a title is acquired from a support contractor). As discussed before, this is done in the spirit of commercialization. That being said, if the commercialization is found to be inconsistent with NASA or government policy, then the licenses may be made *royalty bearing and revocable*. If the nature of the SAA is such that NASA is reimbursed by the partner entity, the nature of the license granted to the partner entity would be *exclusive, royalty-free and irrevocable*, subject to Federal Regulations.³² It is also to be noted that in the aforesaid case, NASA would retain rights only to the extent of research, demonstration, test and evaluation processes.

b) Handling of IP when the work under an SAA is done for NASA

When the work is done by the partner *for* NASA or if NASA transfers inventions or funds to the partner³³, the vesting and licensing of intellectual property in an invention created therein, if any³⁴, is a bit different from the previously discussed scenario. When intellectual property rights are created by an entity other than a small business organization or non-profit organization as part of the work it does under any NASA contract or subcontract, then the title to such intellectual property created as part of such invention, discovery, improvement or innovation

²⁸ 51 U.S.C. § 20113 (e) (2020)

²⁹ NASA, NAI 1050-1D, SPACE ACT AGREEMENTS GUIDE B-43 (2017), https://nodis3.gsfc.nasa.gov/NPD_attachments/N_AII_1050_001D.pdf.

³⁰ Reference, NASA, https://www.nasa.gov/offices/ogc/ip/1210_prt.htm (last visited Jan. 29, 2020); See *id.*

³¹ *Id.*

³² 37 CFR § 404 (2004).

³³ NASA, *supra* note 29.

³⁴ NASA, *supra* note 29 at B-45.

shall lie with the US government.³⁵ However, the US government may *waive* its rights³⁶, while reserving an *irrevocable, nonexclusive, nontransferable, royalty-free license* for the practice of such invention throughout the world by or on behalf of the United States or any foreign government pursuant to any treaty or agreement with the United States.

Small business firms and non-profit entities are treated on a separate pedestal and are given a separate provision to obtain title over their inventions on the assumption that they can commercialize the invention faster than a federal agency³⁷. Therefore, when such entities perform work under the aforementioned type of contracts or sub-contracts, it may elect to retain the title to their invention.³⁸

c) March-in Rights – A Safeguard

From technology transfers to licensing policies, it is evident that NASA's policies are business-friendly. Agreements such as SAAs provide a wide berth for negotiations. Ultimately, NASA policies aim at making sure that their technologies reach the market in one form or fashion. However, care must be taken to understand that such transfers and licensing would not mean that NASA's engagement with the private entity is done and dusted. To make sure that the licensees stick to the commitments given to NASA, vis-à-vis the technology transferred, NASA keeps the option open for the exercise of march-in rights. These are rights that are retained by the Federal Government agencies like NASA whereby they can require contractors or successors in title to the patents to grant licenses to responsible applicants, in certain specific circumstances. If such persons refuse to do so, the license may be granted by the Government itself.³⁹

Though the Administration has never exercised march-in rights, the value of the same is respected because it gives leverage in commercializing federally funded initiatives.⁴⁰ Whether the Administration decides to waive its rights⁴¹ or where the contractor elects to retain the title⁴²,

³⁵ 51 U.S.C. § 20135(b)(1) (2020) (Pursuant to sub-clauses A and B. This section was formerly § 305 (a) of the National Aeronautics and Space Act of 1958); *See* Policy, 48 C.F.R. § 1827.302 (a) (2020).

³⁶ 51 U.S.C. § 20135(g); *See* Patents and other Intellectual Property Rights, 14 C.F.R. Part 1245 (2020) (As mentioned in 48 C.F.R. § 1827.302(b)(2)(v)).

³⁷ *Supra* note 12, at 9.

³⁸ 48 C.F.R. § 1827.302(b)(1); *See* 35 U.S.C. § 202 (2020) (Subject to the conditions in sub-section (a), (c) and other provisions of the chapter).

³⁹ JOHN THOMAS, CONG. RESEARCH SERV., R44597, MARCH-IN RIGHTS UNDER THE BAYH-DOLE ACT 7 (2016).

⁴⁰ U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-09-742, FEDERAL RESEARCH: INFORMATION ON THE GOVERNMENT'S RIGHT TO ASSERT OWNERSHIP CONTROL OVER FEDERALLY FUNDED INVENTIONS (2009), <https://www.gao.gov/assets/gao-09-742.pdf> (*See* "What GAO found").

⁴¹ Reservations, 14 CFR § 1245.107 (b) (2020); *See also* 14 CFR § 1245.117 (2020).

⁴² 14 CFR § 1274.913 (j) (2020); *See also* 37 CFR § 401.6 (2020).

NASA reserves march-in rights. NASA is empowered to require the contractor or the patent assignee to grant *nonexclusive, partially exclusive, or exclusive license to a responsible applicant or applicants.*

B. The ESA Example

The ESA, consisting of 22 Member States, was set up by the Convention for the establishment of a European Space Agency, 1975.⁴³ At the outset, it is pertinent to note that ESA does not have ownership and exploitation of intellectual property as one of its primary objectives. Rather, it aims to ‘*shape the development of Europe’s space capability and ensure that investment in space continues to deliver benefits to the citizens of Europe and the world.*’⁴⁴ This is further evident from the fact that Article III.1 of the ESA Convention provides that ESA and the Member States should facilitate the ‘the exchange of scientific and technical information pertaining to the fields of space research and technology and their space applications’.⁴⁵

The ESA has well-defined rules that outline the way in which intellectual property resulting from ESA’s activities are dealt with.⁴⁶ Primarily, ESA concerns itself with two ways in which intellectual property is created – by ESA staff in the course of their duties and by a Contractor of ESA, during the performance of a contract. In its genesis in 1989, the rules were more focused on providing free access to ESA-funded information and data to its Member States. This did not have the intended effects and was revised in 2001⁴⁷, whereby Contractors of ESA funded programmes were allowed to protect their creations. Subsequently, intellectual property developed by ESA’s staff is owned by the ESA⁴⁸ and intellectual property developed by a Contractor is owned by the Contractor, barring certain exceptions.⁴⁹

1. Technology Transfer

⁴³ Convention for the Establishment of a European Space Agency, *opened for signature* May 30, 1975, 14 I.L.M 2 (entered into force Oct. 30, 1980) [hereinafter ESA Convention].

⁴⁴ *About the European Space Agency*, EUROPEAN SPACE AGENCY, https://www.esa.int/Newsroom/About_the_European_Space_Agency (last visited May. 1, 2020).

⁴⁵ *Supra* note 43, art. III.1.

⁴⁶ European Space Agency [ESA], *Rules on Information, Data and Intellectual Property*, ESA/REG/008 (Apr. 23, 2014), <https://esamultimedia.esa.int/docs/LEX-L/Contracts/ESA-REG-008-EN.pdf>; These are based on Article III of the ESA Convention.

⁴⁷ Karl Eisermann & Christian Grafe, *The New Intellectual Property Rights Regime in ESA Contracts*, 3 CONVERGENCE 38, 39 (2007).

⁴⁸ ESA Staff Regulations, Reg. 4.2.

⁴⁹ *Infra* notes 63-68 and accompanying text.

With nearly 530 patents and patent applications,⁵⁰ ESA has a diverse patent portfolio on matters ranging from production technologies to biotechnology. ESA offers most of its patents on technology transfer, mainly to European Industries, with over 340 space technologies transferred.⁵¹ This has resulted in space technologies being used in non-space areas such as healthcare, waste management and water recovery.⁵² ESA's Technology Transfer and Patent Office identifies space technologies arising out of ESA R&D contracts and ESA inventions viable for transfer and conducts studies before offering them for transfer.⁵³

On behalf of ESA, the Technology Transfer Programme Office ("TTPO") markets and facilitates the transfer of ESA technologies.⁵⁴ ESA's website lists out the technologies it has on offer to transfer. Applicants are to contact the TTPO through a network of brokers known as the ESA Technology Transfer Network ("TTN"), spread across Europe who works to identify novel uses for ESA technology and identify technologies in other sectors that could benefit ESA.⁵⁵ The ESA Space Solutions Belgium, managed by Verhaert, conducts feasibility studies,⁵⁶ technology scouting,⁵⁷ etc. and accepts proof of concepts from applicants to apply ESA technologies in terrestrial applications. Funding may also be provided for approved projects.⁵⁸

One of the most entrepreneurial activities of the ESA can be seen in its approach towards startups. ESA's Business Incubation Centres ("BIC") aid in the turning of the Space-connected

⁵⁰Patents, EUROPEAN SPACE AGENCY, http://www.esa.int/Enabling_Support/Space_Engineering_Technology/Patents (last visited May. 1, 2020).

⁵¹Technology Transfer Programme Office, EUROPEAN SPACE AGENCY, https://www.esa.int/Applications/Telecommunications_Integrated_Applications/Technology_Transfer/Technology_Transfer_Programme_Office2 (last visited May. 1, 2020).

⁵²Benefits of Technology Transfer, EUROPEAN SPACE AGENCY, https://www.esa.int/Applications/Telecommunications_Integrated_Applications/Technology_Transfer/Benefits2 (last visited May. 1, 2020).

⁵³ESA's Technology Transfer and Patent Office, EUROPEAN SPACE AGENCY, https://www.esa.int/Enabling_Support/Space_Engineering_Technology/ESA_s_Technology_Transfer_and_Patent_Office (last visited May. 1, 2020).

⁵⁴IP for commercialisation, EUROPEAN SPACE AGENCY, http://www.esa.int/Enabling_Support/Space_Engineering_Technology/IP_for_commercialisation (last visited May. 1, 2020).

⁵⁵Technology Transfer Network, EUROPEAN SPACE AGENCY, http://www.esa.int/Applications/Telecommunications_Integrated_Applications/Technology_Transfer/Technology_Transfer_Network3 (last visited May 1, 2020).

⁵⁶Feasibility Studies, SPACE SOLUTIONS BELGIUM, <https://spacesolutions.be/technology-transfer/feasibility-studies/> (last visited Sep. 1, 2020).

⁵⁷Technology scouting, SPACE SOLUTIONS BELGIUM, <https://spacesolutions.be/technology-transfer/technology-scouting/> (last visited Sep. 1, 2020).

⁵⁸Proof of Concept, SPACE SOLUTIONS BELGIUM, <https://spacesolutions.be/technology-transfer/proof-of-concept/> (last visited Sep. 1, 2020).

business ideas into commercial start-up companies.⁵⁹ This has had a profound impact on the start-up culture and has resulted in 20 ESA BICs in 17 European countries, incubating more than 300 start-ups.⁶⁰ The programme accepts applications from qualified applicants, whose products or services should have a relevant space technology relationship, which can be an upstream development, downstream application of space technologies, technology transfer between space and non-space sector, or licensing a patent from the ESA patent portfolio.⁶¹ Businesses under incubation may be eligible to receive funding, access to laboratories and other facilities, networking and business development support. One such example is the Open Sky Technology Fund, a €100 million fund which invests in start-ups and companies using space-related technologies or satellite applications in non-space applications.⁶²

It is pertinent to note the importance of space agencies incubating space-based businesses under their wing. While it may look like the program resembles every other start-up incubation, space-based industries require specific support that may not be available elsewhere. Access to laboratories and testing facilities, support from scientific, managerial and business sectors, networking and marketing opportunities will be different for start-ups that use space technology. Therefore, a specific start-up incubation programme is beneficial to such start-ups than a generic one, and such benefits are greatedened when they are provided by an established space agency.

2. *IP Created by ESA Contractors*

The General Clauses and Conditions of ESA [“GCC”]⁶³, unless provided for otherwise, is a *sine qua non* for all contracts entered into by the ESA, and it provides that the Contractor shall own the intellectual property rights arising out of the work performed under the Contract.⁶⁴ Such

⁵⁹ESA Business Incubation Centres, EUROPEAN SPACE AGENCY, https://www.esa.int/Applications/Telecommunications_Integrated_Applications/Business_Incubation/ESA_Business_Incubation_Centres12 (last visited May. 1, 2020).

⁶⁰ *Id.*

⁶¹ *ESA BIC Frequently Asked Questions*, SCIENCE AND TECHNOLOGY FACILITIES COUNCIL, <https://stfc.ukri.org/files/esa-bic-uk-q-a/> (last visited Sep. 1, 2020).

⁶²ESA Open Sky Technologies Fund, EUROPEAN SPACE AGENCY, http://www.esa.int/Applications/Telecommunications_Integrated_Applications/Technology_Transfer/Open_Sky_Technologies_Fund; See also Dr. Bernd Geiger, *Funding Mechanisms for Technology Transfer: OSTF – Open Sky Technologies Fund*, TRIANGLE VENTURE CAPITAL GROUP, <https://iea.blob.core.windows.net/assets/imports/events/320/geiger.pdf> (last visited Jun. 7, 2020).

⁶³ European Space Agency [ESA], *General Clauses and Conditions for ESA Contracts*, ESA/REG/002, REV.3 (Jul. 5, 2019), https://esamultimedia.esa.int/docs/LEX-L/Contracts/ESA-REG-002_rev3_EN.pdf [hereinafter *GCC*].

⁶⁴ Part II of the GCC deals with Intellectual Property Rights and it is in consonance with Article III of the ESA Convention; See European Space Agency, *General Clauses and Conditions for ESA Contracts*, cls. 36.3 a), 50.3 a), ESA/REG/002, REV.11 (7th Feb., 2013), https://download.esa.int/docs/LEX-L/Contracts/20130207.REG002,REV.1_EN_GCC.pdf.

contracts may either be fully or partly funded by ESA, and the resultant rights depend on the extent of funding. In either case, the contractor owns the intellectual property, with certain rights reserved by ESA. This shows a stark difference from the method adopted by NASA.

Where contracts are fully funded by the ESA, all intellectual property rights arising from work performed under the Contract shall be available to entities including ESA, Participating States and bodies, Academic and Research institutions, and third parties, in different capacities.⁶⁵ Additionally, ESA has certain rights, akin to march-in rights reserved over the invention. For example, if the contractor fails to register the product arising out of a fully funded project, or abandons it, and they are not able to find a suitable third party to protect and exploit those rights, ESA can require the Contractor to assign those rights to it free of charge.⁶⁶ This can be attributed to the fact that more public money is spent for such contracts. Where contracts are not fully funded by the ESA, and there is an element of funding from the contractor, all IPR arising from work performed under the Contract shall be available to ESA, Participating States, Persons and Bodies, and third parties on a more limited capacity.⁶⁷ ESA does not have march-in rights over the invention in this case. In this regard, it should also be noted that the contractor can transfer technologies developed under such contracts, even to parties outside of Member States, complying with applicable laws and regulations.⁶⁸

C. The Case of ISRO

The Indian Space Research Organization has increasingly taken a proactive role in the handling of its patents or licensing the same. It has taken adequate steps with regard to important factors such as safeguarding innovations, increasing patent productivity among scientists, monitoring patent applications and patent alerts, identifying and processing various technologies developed in-house for their intellectual property registration and licensing intellectual property through licensing agreements.⁶⁹x

1. The Approach of ISRO to Technology Transfer till the Draft 2020 Policy

⁶⁵ *Id.* at 41.

⁶⁶ *Id.* at 40.5.

⁶⁷ *Id.* at 55.

⁶⁸ *Id.* at 49, 63.

⁶⁹ RAM JAKHU & RANJANA KAUL, *Regulation of Space Activities in India*, NATIONAL REGULATION OF SPACE ACTIVITIES 153, 194 (2010).

Similar to the other two space behemoths mentioned before, ISRO also emphasizes technology transfer and licensing. ISRO has defined technology transfer to be a process by which the knowledge, intellectual property and capabilities developed utilizing ISRO's resources are transferred to external entities.⁷⁰ ISRO's *mindset* towards licensing and technology transfer can be said to be mirroring that of NASA. This is because the topic of technology transfer has been viewed through the prism of commercialization, greater industry participation and focus on *spinoffs*.⁷¹ Like the US, there is an added emphasis on commercialization in India. This is evident from the fact that ISRO has focused on the maximum commercial exploitation of ISRO's technologies, through technology transfers or licensing schemes.⁷² ISRO's IP portfolio is confirmed to have 270 patents⁷³ and till date, 300 technologies have been confirmed to have been transferred.⁷⁴ Some of these ISRO technologies have already been used to develop spinoffs that have helped to better life on Earth.⁷⁵ Moreover, ISRO also seeks plans for implementation among other requirements from the potential licensees.⁷⁶

The main arena for the transfer of technologies from ISRO has been for commercial and societal applications. Wherever it is 'feasible and necessary', ISRO also keeps buy-back options.⁷⁷ The transfer of the NavIC messaging receiver for the ultimate benefit of the fishermen community is an example of a technology transferred for societal application. It is also noteworthy that ISRO had not collected licensing fees or royalty loading for the aforementioned societal application.⁷⁸

An important factor that can be observed is that the licenses to the technologies transferred usually shy away from the realm of exclusivity, unlike the US approach. Technology transfers are effected through the grant of *non-exclusive, revocable licenses* to third parties and the rights over the intellectual property is kept with ISRO.⁷⁹ ISRO may enter into buyback contracts in case the

⁷⁰ *SAC Industry Portal*, SAC, https://www.sac.gov.in/SAC_Industry_Portal/technology.html (last visited Aug. 26, 2020).

⁷¹ *Id.*; See, *Space Applications Centre (SAC), Ahmedabad executed 100th Technology Transfer Agreement*, ISRO (Nov. 24, 2015 11:17 AM), <https://www.isro.gov.in/space-applications-centre-sac-ahmedabad-executed-100th-technology-transfer-agreement>.

⁷² *Patent*, ISRO, <https://www.isro.gov.in/isro-technology-transfer/patent> (last visited Mar. 19, 2020).

⁷³ *Id.*

⁷⁴ *Technologies Transferred*, ISRO, <https://www.isro.gov.in/isro-technology-transfer/technologies-transferred>.

⁷⁵ *Supra* note 71.

⁷⁶ *FAQs*, ISRO, <https://www.isro.gov.in/isro-technology-transfer/faqs> (last visited Mar. 19, 2020).

⁷⁷ ISRO, *supra* note 71; See also *Industry Interface: Technology Transfer*, U. R. RAO SATELLITE CENTRE, <https://www.ursc.gov.in/industry/technology-transfer.jsp> (last visited Mar. 20, 2020).

⁷⁸ DEPT. OF SPACE, ANNUAL REPORT 2018-2019, 85 (2019), <https://www.isro.gov.in/sites/default/files/annualreport2018-19.pdf>.

⁷⁹ *Technology Transfer*, VIKRAM SARABHAI SPACE CENTRE, <https://www.vssc.gov.in/VSSC/index.php/2-uncategorised/7-technology-transfer> (last visited Jan. 20, 2020).

technology is transferred and the industry sets up facilities for productionization, but ISRO ends up being the only market for the product.⁸⁰ In such cases, the pricing of the product would be important for ISRO and as a means of extending support to the industry, it may also underwrite the risks of the licensee by means of ‘full investment or investment-sharing, guaranteed buy-back with firm off-take schedule’.⁸¹ ISRO may charge royalties if the product is sold to third parties. However, down payment and royalties are avoided or kept low in case of buy-backs. It can also be seen that when there is limited competition, ISRO has resorted to limits on the product price and has also advocated for multiple licensing.⁸² One of the desirable results of the same would be that there would be a safeguard against the formation of monopolies.

This procedure of taking care to provide non-exclusive licenses can also be observed in previous policies of ISRO concerning technology transfer and licensing. Though the pricing of technology transfer has been emphasized by ISRO, the primary considerations would be market acceptance and maximum exploitation of market know-how. To achieve these considerations, ISRO has looked into several factors that focus on the conditions of the potential market for the technology and the merits of the licensee.⁸³ The speed at which technology is transferred at ISRO has also been commendable as ISRO provides that the Technology Transfer Documentation (through which Technology Transfer has been effected) usually takes 1-2 months from the date of signing the agreement.⁸⁴ Along with the impressive speed at which technologies are transferred, ISRO’s policies that aim at the selection of licensees can also be said to be meticulous. The technical capabilities, its resources and skill have been the primary determinants in the competitive process for choosing the potential licensee industry, rather than its size.⁸⁵ ISRO further has gone on to state that the identification of licensees is based on “*competency, resources, facilities available and their business networks, production and marketing capabilities.*”⁸⁶

Through the aforementioned process of technology transfer and buy-backs, what ISRO has achieved is that while “mission design, assembly and testing, quality assurance, integration, and launch” was performed by the Organization, the companies to which the technology was

⁸⁰DEPT. OF SPACE, DOS Purchase Manual 63, (2015), <https://www.isro.gov.in/sites/default/files/article-files/node/8696/DOSPURCHASEMANUAL2015.pdf>.

⁸¹ *Id.*

⁸² *Id.*; See KR. Sridhara Murthi & T. S. Shobha, *Technology transfer trends in Indian space programme*, ACTA ASTRONAUT 67, 943-944 (2010).

⁸³ TECHNOLOGY TRANSFER GROUP – ISRO, TECHNOLOGY TRANSFER POLICY OF ISRO 12-14.

⁸⁴ *FAQs*, ISRO, <https://www.isro.gov.in/isro-technology-transfer/faqs> (last visited Jan. 20, 2020).

⁸⁵ *Supra* note 82, at 943.

⁸⁶ VIKRAM SARABHAI SPACE CENTRE, <https://www.vssc.gov.in/VSSC/index.php/13-technology-transfer?start=5> (last visited Aug. 24, 2020).

transferred undertook the development of several sub-systems such as propellant tanks, liquid engines, etc.⁸⁷ In short, this has resulted in the creation of an “SME base, for the offloading of activities at the tier-2 and tier-3 level.”⁸⁸

2. *SAAAs and GCCs – How Does India Fare?*

It is to be noted that there is no equivalent for standardized agreements like the SAAs, or a GCC in India. Unlike SAAs, where there are provisions that deal with the intellectual property that arises out of joint development or when work is performed for the Administration; and the GCC, where the IP rights are more or less given to the contractors, not many Indian equivalents are observed. Mainly, it has been due to the difference in the role of the industry. It is observed that the role of the private space sector in India is more or less that of a sub-contractor, vendor or component supplier.⁸⁹ It has been found in recent times that ISRO has been encouraging public-private partnerships to encourage the private entities to expand beyond being part/component manufacturers, and get involved in the production activities.⁹⁰ At the same time, it is also observed that the industry continues to lack end to end manufacturing capabilities.⁹¹ This mechanism has also been criticized as one that lacks incentives to create IP and thus, causing a negative slump on IP-based product exports.⁹² As an example, the Expression of Interest for Development, Qualification and Supply of DC Contactor for VSSC from 2018 stipulates that intellectual property rights will be sought jointly by ISRO and the party concerned. However, a party has to get consent from the other party before assigning any rights or liabilities arising out of such IPRs and the right to transfer such technology is reserved by ISRO to meet its requirements. Not only is such a right not available to the contracting party, but they also have to procure the technology through a separate technology transfer agreement if they wish to

⁸⁷ Narayan Nagendra, *Industry Participation in India's Space Program: Current Trends and Perspectives for the Future*, 14 (2-3) *ASTROPOLITICS*, 237, 238 (2016).

⁸⁸ *Id.* at 248.

⁸⁹ Pallava Bagla, *ISRO's love-hate relationship with private sector – A look back at history*, *FINANCIAL EXPRESS* (MAY. 26, 2020 5:50 AM), <https://www.financialexpress.com/opinion/isros-love-hate-relationship-with-private-sector-a-look-back-at-history/1970400/>.

⁹⁰ *Preparing to scale new heights: Enhancing private participation in India's commercial space sector*, 11 *PRICE WATERHOUSE COOPERS* (Jan. 2020), https://www.pwc.in/assets/pdfs/research-insights/2020/preparing-to-scale-new-heights.pdf?utm_source=dlvr.it&utm_medium=facebook.

⁹¹ *Id.*

⁹² Narayan Prasad, *Modi govt wants private sector in global space race, but it's up to ISRO to make it happen*, *THE PRINT* (June 4, 2020 8:00 AM), <https://theprint.in/tech/modi-govt-wants-private-sector-in-global-space-race-but-its-up-to-isro-to-make-it-happen/434469/>.

commercialize it.⁹³ Moreover, it can be seen from procurement tenders put out by ISRO centres that for works done for ISRO, IP rights, including any patents that are developed in the course of the work shall go to the respective centre or ISRO.⁹⁴ This shows a stark departure from the likes of NASA and ESA.

3. Looking Forward: Draft 2020 Policy

With the new proposal to open up the space sector for private players⁹⁵, comes a new outlook in terms of sharing IP and a new policy for technology transfer. On the 2nd of December, 2020, the Department of Space (“DOS”) released the latest guidelines for technology transfer for public comments.⁹⁶ The guidelines stress on the transfer of technology and consequently, the benefits therein to be transferred to both private and public sector industries in India. The end goal would be self-reliance, industrial growth and national development. This support to the Indian industry is also crucial because ISRO plans to offload most of the space-related activities to the industry, which would in turn enhance its focus on advanced research. The same was conveyed by Director K. Sivan, who further went on to say that technology transfers would help to improve the potential of Indian industries.⁹⁷ ISRO also believes that in light of the long-term investments made in the sector, technology transfer would help in generating additional returns from spinoffs, which could have a multiplier effect on such direct long-term investments. Failure to disseminate information would result in only limited returns for the country as a whole.

Like the US, it is essential that before technology transfers are affected, the technologies that have a potential for commercialization must be identified. For this purpose, commercial viability

⁹³ DEPT. OF SPACE, Expression of Interest for Development, Qualification and Supply of DC Contactor for VSSC (May. 23, 2018), <https://www.vssc.gov.in/VSSC/images/2018TENDERS/PT252.pdf>.

⁹⁴ Space Applications Centre, Ahmedabad, *Work Contract for FM RF & DC Harness Fabrication*, Indent no 2016002291 at p. 5, <https://sac.eprocure.isro.gov.in/tnduploads/sac/tndheader/IDT0039390000000000isro05401.pdf>; See ISRO Satellite Center, *Charging Analysis on Solar Panel Coupon*, ISAC/DO/2018E0590401 at p.5. <https://isac.eprocure.isro.gov.in/tnduploads/isac/tndheader/IDT0106160000000000isro08501.pdf>; LEOS Sensors Production Division - ISRO, *Fabrication, Assembly and Testing of Electro-Optic Sensors (EOS). Type-A, E and K*, at p. 8, <https://isac.eprocure.isro.gov.in/tnduploads/isac/tndheader/IDT0024900000000000isro08501.pdf>; Space Applications Centre, *Request for Proposal (RFP) for Outsourcing of ECAD based PCB Layout Design and Simulation Works for PCB Fabrication Division*, SAC/PFD/ECAD/JUL18 at p. 14, <https://sac.eprocure.isro.gov.in/tnduploads/sac/tndheader/IDT0093010000000000isro05401.pdf>.

⁹⁵ *Government opens space sector, ISRO facilities for private players*, THE PRINT (May. 16, 2020 6:17 PM), <https://theprint.in/science/government-opens-space-sector-isro-facilities-for-private-players/423171/>.

⁹⁶ DEPT. OF SPACE, Revised Technology Transfer Policy Guidelines 2020, C.19013/131/2015-Sec.3 (Proposed Draft Dec. 2 2020), https://www.isro.gov.in/sites/default/files/tt_approved_policy_2020-with_cover_for_public_feedback_1.pdf [hereinafter Draft 2020 Policy].

⁹⁷ *Isro to offload most activities to industry, enhance focus on advanced research, says K. Sivan*, TIMES OF INDIA (Mar. 15, 2021, 05:24 PM), <http://timesofindia.indiatimes.com/articleshow/81512137.cms>.

and other strategic considerations are taken into account. The Draft 2020 Policy provides for the setting up of a new internal framework for finding, reviewing, approving and offering technologies for transfer, whereby each ISRO centre shall assess its technologies and propose them to the Technology Transfer Group at the Capacity Building Office of ISRO for their review. Approved technologies are announced for transfer by New Space India Limited [“NSIL”],⁹⁸ who fixes the fees and signs MoUs with industries. An MoU will be signed between DOS and NSIL in this regard.⁹⁹

The Draft 2020 Policy provides that IP rights over works developed by a contractor, initiated and funded by ISRO shall be decided mutually by the DOS or ISRO and the industry partner, with a choice of a right of first refusal for technology transfer being offered to the industry partner.¹⁰⁰ When it comes to research programs conducted between ISRO and academic institutions, the Draft 2020 Policy carries over the pre-existing practice of deciding how the IP rights are shared before the program commences.¹⁰¹

As a first, ISRO has opened up technology transfer to foreign industries, which shall be dealt with on a case-to-case basis.¹⁰² The policy also provides for the incubation of space-based startups on a case-to-case basis, with a first right of refusal for technology transfer given to the industrial partner.¹⁰³ For technology transfer with societal applications, the Draft 2020 Policy waives technology transfer costs as a matter of policy.¹⁰⁴

The new measures are a positive step in contrast to the more restrictive and conservative methods followed by ISRO previously. This will further simplify the process of technology transfer and would incentivize more industries to engage in developmental activities with ISRO.

III. RECOMMENDATIONS – AN OPPORTUNITY FOR THE PROFOUND DEVELOPMENT OF THE INDIAN SPACE INDUSTRY

NASA and ESA have a plethora of industry-oriented policies in place that promotes and facilitates private participation in the space sector. ISRO on the other hand has taken a restrictive and protective approach when it comes to private participation, and the same can be observed

⁹⁸ Press release, Press Information Bureau, New Space India Limited (July. 24, 2019), <https://pib.gov.in/PressReleasePage.aspx?PRID=1580096>.

⁹⁹ Draft 2020 Policy at 5-6.

¹⁰⁰ *Id.* at 3.

¹⁰¹ *Id.* at 3-4.

¹⁰² *Id.* at 9-10.

¹⁰³ *Id.* at 8.

¹⁰⁴ *Id.* at 9.

from its policies as well. While there have been strides in the right direction recently, the authors are of the opinion that more could be done by ISRO to make India a significant player in the private space and space-based industry as well. To achieve this, the authors believe that institutional and policy changes to the technology transfer programme will ensure industry participation. Considering norms of exclusivity for technology transfers wherever required can incentivize productionization. Additional methods to aid and assist technology transfer, such as creating a unified portal for customers to study technologies available with ISRO, and bringing in technology transfer auctions can help in commercializing technologies. Industry friendly measures such as fair discussions on sharing of IP and start-up incubation programmes are also necessary in the Indian scenario, to stimulate innovation. These recommendations are primarily borrowed from NASA, as they have a wide range of policies in place to promote the domestic space industry, especially when compared to ESA, which can be applied to the Indian scenario. Relevant suggestions from ESA are also included wherever feasible

- I. It has been observed that the licenses given by ISRO as a result of the transfer of technology occupy the realm of non-exclusivity. It is suggested that exclusive or partially exclusive licenses be also looked into in appropriate circumstances. While the authors suggest such an industry-friendly approach, it is truly imperative to protect ISRO's legitimate interests over the intellectual property created and to make sure that the technologies achieve practical application. Therefore, we suggest that even if exclusive or partially exclusive licenses are granted, there must be scrutiny regarding the same. Like the American policy, the exclusivity may be granted by ISRO only to the extent that it is reasonable, would incentivize businesses, would help in greater utilization, help achieve practical application, does not result in violations of Competition Act, 2002¹⁰⁵, and any other reasonable safeguards. There must be a reservation of a government purpose license for ISRO. Moreover, it is suggested that ISRO explore the option of exercise of march-in rights as well in appropriate circumstances. The usage of march-in rights does not have to be arbitrary and a clear process regarding the same may be laid out by ISRO. In the US, for instance, these circumstances can be classified into:
 - a) If practical application of the invention has not taken place within a reasonable time;
 - b) When the health and safety needs are not reasonably satisfied by the contractor, assignee or licensee;

¹⁰⁵ *Supra* note 14.

- c) If the contractor, assignee or licensee does not reasonably satisfy the requirements of public use specified by the Federal regulations;
- d) The agreement required by the 'Preference for United States industry' has not been obtained or waived or because a licensee of the exclusive right to use or sell any invention in the United States is in breach of such agreement.¹⁰⁶

Moreover, NASA will notify the waiver recipient the reason as to why the Administration has to exercise march-in rights and would provide such recipient 30 days to respond to the notice. In case there is no reply within the said period, the Administration is empowered to go ahead with the exercise of such rights. If a reply is given within 30 days, or later if no march-in rights have been exercised, then within 60 days of such receipt, NASA must either:

- Exercise march-in rights OR
- Drop plans to exercise march-in rights and notify the recipient regarding the same in writing.¹⁰⁷

Needless to say, national security considerations if any, should also triumph all other factors. Such steps not only result in greater transparency to the aims, objectives, and policy of ISRO but also encourage the mushrooming of newer players whilst at the same time, give attractive benefits to existing players. This will also be in consonance with the Union Government's proposal to allow private players to play a greater role in the space sector.¹⁰⁸

While an adoption of such policies need not necessarily guarantee a boom in the involvement of private players in the Indian space sector overnight, it would be a step in the right direction to consider the best practices from around the world. The US has the highest number of private space companies in the world, pegged at around 5500. India has the fifth ranking, with around 350 private firms.¹⁰⁹ Considering such a difference, it would be prudent to use the US template as and when *possible and feasible*, to help tweak India's own policies.

- II. While it is important to have a technology transfer program that broadly lays the framework for effecting such transfers, we must also constantly strive to think of new steps to promote the transfer of technologies. This is especially true in certain cases where there are technologies that do not have a lot of takers. This is one area which the authors believe

¹⁰⁶ *Supra* note 42; *See supra* note 41.

¹⁰⁷ March-in and Waiver Revocation Procedures, *supra* note 41; *See* Exercise of march-in rights, *supra* note 42.

¹⁰⁸ *Supra* note 95.

¹⁰⁹ Chethan Kumar, *With over 350 private space companies, India in fifth place globally*, TIMES OF INDIA (Jun. 3, 2021), <https://timesofindia.indiatimes.com/home/science/with-over-350-private-space-companies-india-in-fifth-place-globally/articleshow/83186207.cms>.

needs more focus. In this context, NASA's example can be considered. NASA's intellectual property auction is an innovative mechanism for technology transfer and licensing, which can be illustrated with the help of the IP auction conducted with 'Ocean Tomo Federal Services', a subsidiary of the company, 'Ocean Tomo.'¹¹⁰ NASA gave the subsidiary, an exclusive license to more than 40 of NASA's patents or patent pending technologies. Ocean Tomo was to handle all aspects of the auction and its intellectual property transaction platforms, including marketing and promotion at no up-front cost to NASA. The royalty structure and the reserve price would be based on the market data that is shared by Ocean Tomo with NASA. In the case that the reserve price is not met but there are interested bidders, Ocean Tomo would work with them post the auction to arrive at a deal. Moreover, the following three factors can be considered to be of utmost importance in the license with Ocean Tomo:

- a) A specified timeframe for commercialization.
- b) Annual reporting of commercialization progress and
- c) March in rights, if it is found that there has been no legitimate attempt at commercialization.¹¹¹

An intermediary may be granted the exclusive license to auction certain technologies and grant the highest bidder exclusive rights to the particular technology. The NSIL can act as such an intermediary. While making this proposition, the authors recognize certain apprehensions that may arise. This may particularly pertain to questions regarding exclusivity when the technologies have been partly/wholly developed by ISRO, using public funds. Keeping this in mind, the authors suggest that this process be used in India in appropriate cases, especially ones where there are certain technologies that have *not yet been commercialized*. The main objective of technology transfer is to ensure the quick pace of growth of industries and the consequent national development.¹¹² If the Government fails to ensure the commercialization of a technology through traditional mechanisms, the aforementioned objective will not be achieved. In such a scenario, an auction can help commercialize the technology, resulting in spinoffs. Spinoffs can have a multiplier effect on the economy as

¹¹⁰ *NASA Intellectual Property Auction with Ocean Tomo*, NASA (Oct. 2008), https://www.nasa.gov/pdf/330861main_ocean_tomo_fact_sheet.pdf.

¹¹¹ *Id.*

¹¹² Draft Policy at 2.

well.¹¹³ Adhering to the safeguards mentioned in the previous recommendation as well as adopting clauses similar to the contractual stipulations in the Ocean Tomo case would also be necessary in achieving the desired end results.

- III. The Draft 2020 Policy provides for a mutual decision to be taken over the IP generated in cases of works initiated by ISRO with an industry partner.¹¹⁴ This is a welcome step, as compared to the observed ISRO practice of claiming any and all IP rights arising out of any work done.¹¹⁵ This method is preferred over the system in place at ESA where the industry partner by default gets most of the IP rights, as the financial and technical capabilities of Indian industries are not at par with its European counterparts which would justify IP rights being vested with the industry partner in all cases. Therefore, a mutual decision is apt in the Indian scenario. However, the authors recommend that considering the fact that ISRO is the dominant player in the market, a procedural safeguard must be inserted to ensure a fair discussion regarding the sharing of IP rights.
- IV. As provided for in the Draft 2020 Policy, NSIL announces opportunities through Interest Exploratory Notes and publicizes the technologies identified by ISRO/DOS for transfer.¹¹⁶ Capable industries may e-mail NSIL for obtaining a license, in accordance with the requirements prescribed.¹¹⁷ At this juncture, the authors would like to recommend the setting up of an interface on ISRO's website modelled on NASA's T2 program webpage and the associated ATLAS User Interface.

The NASA T2 program enlists the NASA patent portfolio in different sectors, ranging from 'Aeronautics' to 'Sensors.'¹¹⁸ This platform helps one to browse NASA's patent portfolios, software catalogues, spinoffs etc. Therefore, those who seek to obtain the license to the technologies that are patented by NASA would use the T2 platform to select the technology for which, they would like to obtain a license. To supplement this, NASA has also launched the Automated Technology License Application System ("ATLAS"). This interactive user interface aids applicants in applying for licenses online,¹¹⁹ through the T2 portal, thus

¹¹³ Draft Policy at 1.

¹¹⁴ *Supra* note 100.

¹¹⁵ *Supra* note 94.

¹¹⁶ Draft 2020 Policy at 26-27.

¹¹⁷ THE TECHNOLOGY TRANSFER BOOK 123 (2020), https://www.nsilindia.co.in/sites/default/files/technology_transfer_book_-_updated_file_29.09.2020.pdf, (*See* 'Technology Transfer from ISRO').

¹¹⁸ *Supra* note 21.

¹¹⁹ Dan Lockney, *NASA Technology Transfer Overview*, NASA TECHNOLOGY TRANSFER PROGRAM 13 (May 15, 2018), https://ipo.lbl.gov/wp-content/uploads/sites/8/2018/03/NASA-T2-Overview_DOE.pdf.

providing a streamlined experience.¹²⁰ Once the technology is selected, ATLAS would help to guide the applicant through the rest of the licensing process. ATLAS would guide the applicant through the different steps of the application process, once they choose the technology that they are interested in, from the T2 portal. Information about the company, its business goals and potential target markets would be gathered. ATLAS also sends email notifications to the applicants regarding the status of the application and the required actions would also be intimated. It also helps in unifying and streamlining a center application process into a single agency process.¹²¹ This one stop shop approach would help in simplifying the interaction between the Administration and potential licensees.

- V. In facilitating the incubation of startups, ISRO should look into providing financial, networking, and marketing support, similar to what ESA offers, over the scientific and technical support, provided for in the Draft 2020 Policy. Such niche support can only be offered by a state space agency. Setting up a specific fund for startups that transfer technology from ISRO for non-space application, like what ESA does can also better utilize ISRO's inventions by incentivizing such applications. Additionally, ISRO should also consider discounts or waivers of technology transfer licensing fees for startups, as a matter of policy, like that followed by the 'Startup NASA' scheme.¹²² This would help put more money in the pockets of these budding companies and would mean less capital required to be spent by them. One of the merits of this proposal is that it would allow for more technologies to be spun-off, thus resulting in greater utilization and commercialization of ISRO technologies. Other policies which have been recommended by experts in the field, like a startup incubation programme that caters specifically to the needs of different kinds of startups – the ones that attempt to spin-off ISRO technology, and ones that create new technologies, from ideation phase to a Minimum Viable Product (MVP) and even provide post-incubation support, may be considered by ISRO.¹²³

¹²⁰NASA TECHNOLOGY TRANSFER PROGRAM, *ATLAS - Automated Technology Licensing Application System*, YOUTUBE (Jun. 20, 2017), <https://www.youtube.com/watch?v=gwLMiVMj1M8>.

¹²¹*Supra* note 21. Also see Gina Anderson, *NASA Debuts Automated System to Streamline Technology Patent Licensing*, NASA-SPACE TECH (Jun. 20, 2017), <https://www.nasa.gov/press-release/nasa-debuts-automated-system-to-streamline-technology-patent-licensing>.

¹²² *Supra* notes 23-24.

¹²³ Narayan Prasad, *Developing a Space Start-up Incubator to Build a NewSpace Ecosystem in India*, in SPACE INDIA 2.0, https://www.orfonline.org/wp-content/uploads/2017/02/Space2.0_Final_23Feb.pdf.

IV. CONCLUSION

The global space economy is a fast-expanding field. Touted to be the next frontier presenting an opportunity for commercial exploitation, the sector has been aided by an increased funding from both the private and the public sector, coupled with advances in technology. Morgan Stanley estimates that by the year 2040, the space industry could generate revenues of more than \$1 trillion.¹²⁴ However, having only 3% of the global share of the space economy¹²⁵, it is necessary for the private industry to step up. As was stated by Chairman K. Sivan, the private players in India have not reached the same capability as that of ISRO¹²⁶ and that the Organization was willing to 'hand hold' such prospective partners.¹²⁷ This is where the recently announced reforms come into play, specifically, the new technology transfer draft policy. Transfer of those technologies over which ISRO has patents will help in commercializing the same. This will aid in the creation of *spinoffs*, which would have applications on Earth and would help improve our day to day lives. The move to further support and encourage private entities to develop new technologies will incentivize the setting up of space-based startups in India and would help foster the existing space-based industry in the country. ISRO is faced with a unique opportunity and an unusual challenge as there are no major private players in the domestic space sector, akin to SpaceX or Blue Origin. It is up to the DOS and ISRO to pave a way for such industries to grow. Not only would they provide employment opportunities to the intellectual capital our country has, but it will also bring greater investment to these sectors, which can one day compete with other players in the global space market. The steps taken by NASA and ESA at the nascent stages of private space-based industries in space should be given adequate consideration and policies that incentivize industries to invest more time, effort and resources must be adopted.

¹²⁴*Space: Investing in the final frontier*, MORGAN STANLEY (Jul. 24, 2020), <https://www.morganstanley.com/ideas/investing-in-space>.

¹²⁵ *Supra* note 4.

¹²⁶ *Id.*

¹²⁷ *Id.*