

## DHINGRA & SINGH – Attorneys at Law

Below are the IP case law updates\* for the 4th quarter 2015:

### **URBAN EAGLE doesn't infringe AMERICAN EAGLE<sup>1</sup>**

The Delhi High Court refused to grant injunction in favor of American clothing company American Eagle Outfitters for the use of the word 'Eagle' by Aditya Birla owned Pantaloons Fashion & Retail Limited on their products.

The Court said that American Eagle Outfitters cannot be granted an injunction as they accepted before the Trademarks Registry that it is not the word 'Eagle' which is to be seen but composite marks 'American Eagle' and 'American Eagle Outfitters' which had to be seen and which are distinctive marks.

American Eagle Outfitters ("Plaintiff") filed the trademark infringement suit against Pantaloons Fashion & Retail Limited ("Defendant") for the use of the trademark 'Urban Eagle Outfitters' on their products. The Defendant already agreed not to use the word 'Outfitters' in their trademark.

The Court, however, restrained Defendant from using the 'Eagle' device (logo) as being deceptively similar to Plaintiff device.



Plaintiff Device



Defendant Device

"The distinction sought to be brought by the learned Single Judge referring to the appellant's Eagle Device as a 'swooping Eagle' and that of the respondent/defendant as a 'taking off or a flying eagle' is too minute when we consider that the two devices would be viewed by a person of average intelligence with imperfect recollection and we must also bear in mind that when the test of deceptive similarity is employed, the two marks cannot be kept side by side, they are to be considered as if they have been viewed at different points of time", the Division Bench said.

### **Section 15 Copyright Act explained<sup>2</sup>**

The Delhi High Court recently elaborated on the true interpretation of Section 15<sup>3</sup> of the Copyright Act ("Act"), 2000 which in part enacts that where copyright in a design is capable of registration under the Designs Act, and is not so registered, as soon as the article - to which such copyright is applied is produced more than fifty times through an industrial process, the copyright shall cease to exist.

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<sup>1</sup> See Retail Royalty Company vs. Pantaloons Fashion & Retail Limited & Ors, delivered by Delhi High Court and available at <http://lobis.nic.in/ddir/dhc/SAS/judgement/14-12-2015/SAS10122015FAOOS5752015.pdf>

<sup>2</sup> See *Midas Hygiene Industries Pvt. Ltd.* vs. *Sudhir Bhatia*, delivered by Delhi High Court and available at <http://lobis.nic.in/ddir/dhc/SRB/judgement/05-11-2015/SRB04112015RFA2392011.pdf>

<sup>3</sup> See Pages 10-11, Indian Copyright Act, 1957 available at <http://copyright.gov.in/Documents/CopyrightRules1957.pdf>

The Court first commented on the rationale behind Section 15<sup>4</sup> of the Act and said, “As evident from the language of Section 15<sup>5</sup> of the Copyright Act, copyright does not subsist in a registered design. The rationale for this is that someone's choice of design registration is a conscious decision to use the underlying work, for mass production. The design then reaches, through the medium of the product or the article, a wider audience; it has a commercial element. This is of course possible in the cases of designs of products and articles, which are sold widely or have a market. However, that is not always so in the case of an artistic work- typically a painting a drawing or even a sculpture for instance (which are closest species of copyrights that overlap with designs). Yet the transformation of a work of art into a design results in the possibility of its protection as a design. Section 15 (1)<sup>6</sup> dictates that if this kind of work is registered as a design, there is no copyright protection. Section 15 (2)<sup>7</sup> on the other hand, says that if a work is capable of design registration, and is not registered, but replicated as a product or article through a design more than 50 times through mechanical process, copyright in that work ceases.”

Reviewing plethora of case law on the subject-matter, a Division Bench said “We do hold that in the original work of art, copyright would exist and the author/holder would continue enjoying the longer protection granted under the Copyright Act in respect of the original artistic work. Thus, for instance a famous painting will continue to enjoy the protection available to an artistic work under the Copyright Act. A design created from such a painting for the purpose of industrial application on an article so as to produce an article which has features of shape, or configuration or pattern or ornament or composition of lines or colors and which appeals to the eye would also be entitled design protection in terms of the provisions of the Designs Act. Therefore, if the design is registered under the Designs Act, the Design would lose its copyright protection under the Copyright Act but not the original painting.”

“If it is a design registrable under the Designs Act but has not so been registered, the Design would continue to enjoy copyright protection under the Act so long as the threshold limit of its application on an article by an industrial process for more than 50 times is reached. But once that limit is crossed, it would lose its copyright protection under the Copyright Act. This interpretation, in our view, would harmonize the Copyright and the Designs Act in accordance with the legislative intent,” the Court added.

#### **Physical office required for ‘carries on business’<sup>8</sup>**

The Delhi High Court recently narrowed the scope of the expression ‘carries on business’ and thus held that an Indian company cannot be regarded as carrying on business in Delhi if it neither has a principal office, head office, registered office or a branch office in the capital city.

Plaintiff, a Mumbai based company, sued defendants (who are based in different States) for trademark infringement and passing off in Delhi High Court claiming jurisdiction as the Plaintiff is selling goods to customers based in Delhi through its website, and thus carrying on business there.

Differentiating the present case with an earlier Division Bench ruling of the Delhi High Court on the same issue, the Court said, “No doubt, the judgment of the Division Bench holds that where internet transactions take place, there would be territorial jurisdiction at the place where internet transaction is done by accessing the website, however, the Division Bench in the judgment in the case of **World Wrestling Entertainment** does not deal with the situation qua internet transactions as to when the plaintiff is a corporation viz. a company registered under the Companies Act, 1956 and whether there is ‘carrying on business’ even if the plaintiff company has no office at the place where the plaintiff’s website is accessed for carrying out the transactions.

After going through Supreme Court rulings, the Court said, “....wherever a plaintiff or a defendant is a corporation, carrying on business by such a corporation or a company necessarily has to be taken alongwith existence of a branch office or a principal office or a registered office, with the place where the cause of action also is said to have arisen.”

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<sup>4</sup> *Supra*, Note 3 Page 1

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*

<sup>8</sup> See *Bigtree Entertainment Pvt. Ltd. vs. Saturday Sunday Media Internet & Ors.*, delivered by Delhi High Court and available at <http://lobis.nic.in/ddir/dhc/VJM/judgement/22-12-2015/VJM21122015SC532015.pdf>

The Court, however, noted that if the subject suit or any other civil suit is filed not on the ground of residence i.e. carrying on of business of the plaintiff company at a particular place such as Delhi where the present suit is filed, but on the different ground that it is the impugned activities of the defendants which are taking place at Delhi and therefore part of cause of action arises at Delhi, then, in such a case Delhi could have territorial jurisdiction.

**News from Patents, Designs and Trademarks Office**

Indian Trademark Office published Draft Trade Marks (Amendment) Rules, 2015 for inviting public comments.<sup>9</sup>

Indian Patent Office published Draft Patent (Amendment) Rules, 2015 for inviting public comments.<sup>10</sup>

Guidelines for Examination of Computer Related Inventions (CRIs) have been kept in abeyance by Indian Patent Office till discussions with stakeholders are completed and contentious issues are resolved.<sup>11</sup>

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<sup>9</sup> Please visit [http://ipindia.nic.in/IPActs\\_Rules/TMR\\_Amendment\\_Rules\\_2015\\_19November2015.pdf](http://ipindia.nic.in/IPActs_Rules/TMR_Amendment_Rules_2015_19November2015.pdf)

<sup>10</sup> Please visit [http://ipindia.nic.in/IPActs\\_Rules/PatentRules\\_2015\\_E\\_29October2015.pdf](http://ipindia.nic.in/IPActs_Rules/PatentRules_2015_E_29October2015.pdf)

<sup>11</sup> Please visit [http://ipindia.nic.in/officeCircular/officeOrder\\_14December2015.pdf](http://ipindia.nic.in/officeCircular/officeOrder_14December2015.pdf)