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Going digital with IP protection

The debate as to whether the harmonisation of law and technological developments, or consumer awareness and education, is the route to meet online challenges continues. In reality, a combination is necessary

Over the past few years there have been significant changes in the way that companies operate on a global scale, due to increasing reliance on the Internet. Businesses in India are no different. Clearly, there are advantages to conducting business through the Internet. However, as technology evolves, it presents courts with novel questions concerning the scope of IP rights in cyberspace. This article discusses the issues related to intellectual property in the digital world in India, recent trends emerging from judicial decisions and the relevant laws that affect online transactions.

Key laws dealing with online transactions and IP issues

The Information Technology Act was passed in 2000 with the aim of providing legal recognition for transactions conducted by means of electronic data interchange and other forms of electronic communication. Further, the act provides for the admissibility of electronic records, offences and penalties for cybercrimes, including unauthorised access, downloading or extracting data stored in computer systems and networks, tampering with source code, hacking with an intent to cause damage and breach of confidentiality and privacy. In addition, the act outlines the conditions for liability of network service providers. However, it is only an enabling act to facilitate online transactions and must be read in conjunction with the Contract Act in order to determine whether a transaction concluded online is a valid contract.

India's data and knowledge process outsourcing industries have grown significantly in the past few years. Simultaneously, an increasing number of incidents of data theft and misuse of personal/confidential information has raised concerns about India's data protection laws.

At present, there is no specific legislation in India for the protection of data and private information. However, such rights can be enforced through other legislation and, given that most outsourcing businesses in India have clients based in the United States and Europe, they are generally required to comply with the data protection laws of the countries their customers are based in.

The Copyright Act 1957 grants protection to content stored in electronic format. Computer programs are specifically covered and protected under the act. Further, owners of literary, dramatic or musical works are granted the exclusive right to authorise reproduction of such works in any material form, including storage in any medium by electronic means.

Turning to the Trademark Act, the test of infringement of a mark is the same for goods sold online as for those sold in physical spaces. The issue that repeatedly arises in the context of online transactions is which court will have jurisdiction over the subject matter, as a website can be accessed from anywhere in India. In *Banyan Tree Holding Pvt Ltd v Murali Krishna Reddy* the division bench of the Delhi High Court laid down the following guidelines:

- In order to establish jurisdiction, the plaintiff must prove that the defendant engaged in commercial activity by targeting its website specifically at customers within the forum court's jurisdiction. Simply posting an advertisement on a passive website does not allow consumers to enter into commercial transactions, and therefore is not enough to invoke jurisdiction
- It is important for plaintiff to demonstrate that "specific targeting" of the forum stated by the defendant caused "damage/inconvenience" to the plaintiff.

The division bench also examined 'trap orders' or 'trap transactions' made through a party's online presence, and examined the extent to which they can form the basis for filing an action. While the court allowed the plaintiff to establish a *prima facie* case through trap orders, it clarified that such evidence should be obtained by fair means, and that a solitary transaction is insufficient.

Cybercrime

With the proliferation of the Internet, cybercrimes are on the increase. From a trademark owner's point of view, these include:

- sales of counterfeit and/or infringing goods by trade portals and/or auction sites;
- false websites created with domains name, colour schemes and logos of a well-known mark/company in order to:
 - lure job seekers;
 - float online training schemes; or
 - misrepresent that products and/or services are authorised or approved by an IP owner; and
- meta-tagging to divert internet traffic with a view to boosting sales.

Recently, special cybercrime cells have been formed under police departments in several states across India. Their purpose is to investigate and take quick action against cybercriminals. These cells have already started receiving a large number of complaints from brand owners about misuse of their brands to commit fraud and sell counterfeit goods.

Recent cases

The issue of trademark infringement through meta-tagging came up recently in *Samsung Electronics v Kapil Wadhwa*, in which an importer of Samsung printers

(made in China) had meta-tagged its website to that of Samsung. The main controversy in the case concerned the legitimacy of parallel imported goods. However, the meta-tagging point was pressed by Samsung, which sought an injunction. The judge granted an injunction restraining the importer from meta-tagging its website to Samsung's; the order was confirmed by the division bench of the Delhi High Court. On appeal, the importer argued that tagging was the only way to obtain genuine, Samsung-approved instructions for operating the products. The court dismissed this justification, stating that "the appellants can design their website in a manner where they are able, on their own strength, without any meta-tagging, to display the relevant information".

Google has also faced litigation in several countries, including India (*Consim Info Pvt Ltd v Google India Pvt Ltd*), in relation to its Adwords program. Consim, an online matchmaking service, objected to Google offering its registered marks to its competitors, to place their sponsored links in Google search results. Consim claimed to have several matchmaking websites and is the registered proprietor of a series of marks containing the word 'matrimony' (eg, BHARATMATRIMONY, SINDHIMATRIMONY, TAMILMATRIMONY). The court ruled in Google's favour, but only because the defendant marks were found to be descriptive. Google was also exonerated by the court for contributory liability on the basis that contributory infringement required 'intention' – and that in the present case, since the trademarks were descriptive, it could not be proved that Google had intentionally suggested these marks with a view to infringing Consim's trademarks.

Turning to infringement in the gaming world, popular scrabble-like game launched on Facebook by Aggarwala Brothers under the name 'Scrabulous' was the subject of litigation at the Delhi High Court. Mattel Inc – owner of the SCRABBLE mark – brought an action based on infringement of its SCRABBLE mark and of its copying in the drawings of its board game, which qualified for protection as an artistic work. While Mattel lost its copyright infringement claim, it prevailed in its trademark infringement claim, despite the defendant's argument that the name was descriptive. The court restrained Aggarwala Brothers from using the marks SCRABBLE or SCRABULOUS.

Celador brought a passing-off and copyright infringement action against a website offering an online game show that was identical to the Hindi version of *Who*



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Wants to be a Millionaire that was seeking to attract advertisers. The Delhi High Court passed a permanent injunction restraining the party from operating the website and using the *Millionaire* logos, colour scheme and copyrighted content.

Internet service provider liability and John Doe orders

It is increasingly common for film producers to obtain a 'John Doe' order – an injunction sought against parties whose identities are unknown at the time that it is issued – before the release of a film against anyone found to be infringing copyright, which could cause financial loss. This has been the subject of a debate in the context of internet service providers (ISP) liability in making infringing content available through their gateways, and whether they can exercise safe-harbour provisions under the Information Technology Act. For now, ISPs are complying by removing websites that are likely to distribute infringing content. This is working, thanks to a narrow interpretation of what would be construed as 'lack of due diligence' in verifying the content being placed, is under discussion in *Super Cassettes Industries Ltd v MySpace Inc*. Businesses that sell goods online and offer space to third parties to exhibit their goods are worried about these developments; the commercial reality is that it is impossible to verify every product and service to ensure that it does not violate the trademark owner's rights. This also dilutes the elaborate 'take-down' policies and procedures formulated by ISPs to remove infringing goods/contents.

An interesting case in this regard, pending before the Delhi High Court, involves a mobile application which was uploaded to app stores run by Apple, BlackBerry and Google that allegedly infringed a book publisher's copyright and trademarks. The app-store owners argued that their services are akin to those of an ISP, and that they should not be held liable for contributory infringement. They asserted that an infringement claim in such circumstances should be directed towards the creator of the app. It remains to be seen how the Delhi High Court will react to this argument.

As technology develops, the debate as to whether the harmonisation of law and technological developments, or consumer awareness and education, is the best solution to meet online challenges continues unabated. In reality, it is a combination that offers rights holders the best chance of finding commercially viable solutions to protect intellectual property. **WTR**