

IP Case Law Development

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The Supreme Court of India (the Supreme Court) not only declares law while answering the question(s) before it but also declares, and makes and unmakes law. The question(s) of law or fact, or mixed question of law and fact, answered by the Supreme Court becomes binding by virtue of Article 141 of the Constitution of India. By answering such questions, the Court also irons out the creases of law by interpreting-constructing the statutory texts. This article covers the reportable intellectual property (IP) decisions of the Supreme Court delivered in the year 2023. The reportable decisions of the Supreme Court have been taken from Judgement Information System (JUDIS) and Supreme Court Cases.

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There are seven intellectual property (*hereinafter*, IP) statutes¹ *in force* in the country and one common law IP called 'trade secret'. On seven (7) IP statutes, reportable decisions of the Supreme Court of India (*hereinafter*, the Supreme Court) are available only on four (4) statutes.² On the remaining (3) statutes, no reportable decision of the Supreme Court is available.³ This article covers the reportable IP decisions of the Supreme Court delivered in the year 2023. In 2023, there are only four reportable decisions, out of which three decisions are on the Copyright Act, 1957¹ and one decision on the Trade Marks Act, 1970.¹ All the four decisions are by Division Benches and are also unanimous. These decisions have been taken from JUDIS⁴ and SCC Online.⁵ This article seeks to cull out the principles of IP law declared by the Supreme Court in such reportable decisions. For the purposes of citing the relevant paragraph of the judgment, TruePrint and online available copies of the judgments on SCC have been relied upon.

The Copyright Act, 1957

Out of (3) decisions on the Copyright Act, 1957 (*hereinafter*, the Copyright Act), in two decisions, only the expression 'copyright' is mentioned in the text of the judgment,⁶ and only the following decision deals with the copyright law.

Brihan Karan Sugar Syndicate Private Limited v Yashwantrao Mohite Krushna Sahakari Sakhar

*Karkhana*⁷ is a Division Bench decision of the Supreme Court consisting of Justices Abhay S Oka and Rajesh Bindal. The unanimous judgment on behalf of the Court was delivered by Justice Abhay S Oka. This case reached the Supreme Court under Article 136 of the Constitution of India by way of special leave to appeal against the order of the High Court of Judicature at Bombay. In this case, the Appellant and Respondent were engaged in selling country liquor with the labels 'Tango Punch' and 'Two Punch Premium' respectively. Appellant claimed that it has a copyright in the artistic label displayed on the bottles sold by it and prayed that a permanent injunction be issued to restrain the Respondent from infringing the copyright in its artistic work in any form. The Trial Court held in favour of the Appellant and issued the permanent injunction — for the infringement of copyright and passing-off. The Appellant also prayed for a decree of injunction restraining the Respondent from using his trade mark label or deceptively similar trade mark, in any form. The Trial Court decreed the suit. Feeling aggrieved by the decree of the District Judge, the Respondent preferred an appeal before the High Court, where the High Court stayed the execution and operation of the decree till the final disposal of the appeal. Hence, the matter reached the Supreme Court.

The Supreme Court considered the 'volume of sale and the extent of advertisement made by the Appellant'⁸ as relevant for deciding the question 'whether the appellant had acquired a reputation or

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goodwill.⁸ The Court referring to its earlier decisions⁹ reiterated that the ‘passing-off action which is premised on the rights of the prime user generating goodwill, shall remain unaffected by any registration provided in the Act.’¹⁰

The Court also relied on the decision of House of Lord in *Reckitt & Colman Products Ltd v Borden Inc*,¹¹ to emphasize on one of the three test that ‘[P]laintiff in a passing-off action has to prove that he had acquired a reputation or goodwill connected with the goods...[I]f goodwill or reputation in a particular jurisdiction is not established by the plaintiff, no other issue really would need any further reexamination to determine the extent of the plaintiff’s right in the action of passing-off.’¹⁰

Considering the facts of the case, on the question of establishing the goodwill of the product, the Court observed that:

(i) ‘[I]t is necessary for the Appellant to prove not only the figures of sale of the product but also the expenditure incurred on promotion and advertisement of the product.’¹²

(ii) ‘While deciding an application for a temporary injunction in a suit for passing-off action,...the statements of accounts signed by the Chartered Accountant of the plaintiff indicating the expenses incurred on advertisement and promotion and figures of sales may constitute a material which can be considered for examining whether a prima facie case was made out by the appellant-plaintiff. However, at the time of the final hearing of the suit, the figures must be proved in a manner known to law.’¹²

As to the infringement of copyright, the Court declared that:

*It is a well settled law that acquiescence is a defence available in action for the infringement of copyright.*¹³

The Court explained the ‘law of acquiescence’ by referring to its earlier decision in *Power Control Appliances v Sumeet Machines Pvt Ltd*:¹⁴

‘[I]f the acquiescence in infringement amounts to consent, it will be a complete defence...[A]cquiescence is a course of conduct inconsistent with the claim for exclusive rights and it applies to positive acts and not merely silence or inaction such as is involved in laches...[M]ere negligence is not sufficient.’¹³

The Trade Marks Act, 1999

The only reportable decision of the Court on the Trade Marks Act, 1999 (*hereinafter*, the Trade Marks

Act) is *SREI Multiple Asset Investment Trust Vision India Fund v Deccan Chronicle Marketeers*.¹⁵ It is a Division Bench decision consisting of Justices Ajay Rastogi and Bela M Trivedi. Justice Ajay Rastogi authored the unanimous judgment on behalf of the Court. The case primarily deals with the Insolvency and Bankruptcy Code, 2016¹⁶ (*hereinafter*, the IBC Code) in relation to ‘ownership of trade mark’ and ‘perpetual right to use trade mark’. In this case, the declaration of ownership over the trademark was not part of the Resolution Plan (*hereinafter*, the RP). The same was declared after the approval of the RP by the Committee of Creditors (CoC). The question for consideration before the Court was whether such declaration amounts to modification of the approved resolution plan? On this question, the Court held that:

‘[O]nce the Resolution Plan stands approved, no alterations/modifications are permissible. It is either to be approved or disapproved, but any modification after approval of the Resolution Plan by the CoC, based on its commercial wisdom, is not open for judicial review unless it is found to be not in conformity with the mandate of the IBC Code.’¹⁷

As to the question involving ‘ownership of trade mark’ and ‘perpetual right to use trade mark’, the Court observed:

‘[I]n terms of the approved Resolution Plan, it was the perpetual exclusive right to use the brands, namely, “Deccan Chronicle” and “Andhra Bhoomi”, by the Corporate Debtor which were available to SRA *i.e.*, the appellant...and once it has been approved by the adjudicating authority, certainly the right to exclusive use of the trademarks belonging to the Corporate Debtor, on being approved by the adjudicating authority, is always available to the SRA *i.e.*, the appellant, but not the ownership rights of the trademarks of the Corporate Debtor.’¹⁸

Conclusion

In the copyright case, the Court generally relied on the already declared law and reiterated the same to decide the dispute between the parties. Following principles of copyright law may be culled out from the reported decision:

(i) In a passing-off action, plaintiff has to prove that he had acquired a reputation or goodwill connected with the goods.

(ii) If goodwill or reputation in a particular jurisdiction is not established by the plaintiff, no other issue really would need any further

examination to determine the extent of the plaintiff's right in the action of passing-off.

(iii) Acquiescence is a defence available in action for the infringement of copyright.

(iv) If the acquiescence in infringement amounts to consent, it will be a complete defence.

(v) Acquiescence is a course of conduct inconsistent with the claim for exclusive rights and it applies to positive acts and not merely silence or inaction such as is involved in laches.

(vi) Mere negligence is not sufficient (acquiescence).

In the trademark decision, the Court adopted the similar approach and decided the case by applying the law declared in its earlier decisions. No dissenting or concurring opinion is reported in both the cases on two IP statutes. On an average (considering the 2 direct IP decisions), the Court decided 1 IP case in 182.5 (point five) days or .5 (point five) year. No new principle of law copyright law or trademark law was declared by the Supreme Court in the year 2023. It is expected that in future decisions the Supreme Court will add new principles of law to IP jurisprudence.

References

- 1 The seven existing IP statutes are: (i) The Copyright Act, 1957 (Act 14 of 1957) & The Copyright Rules, 1958 [SRO 270 dated 21 January 1958 published in the Gazette of India, Extraordinary, Part II, Section 3 (i) dated 21 January 1958]; (ii) The Patents Act, 1970 (Act 39 of 1970) & The Patents Rules, 2003 [SO 493(E) dated 2 May 2003 published in the Gazette of India, Extraordinary, Part II, Section 3 (ii) dated 2 May 2003]; (iii) The Trade Marks Act, 1999 (Act 47 of 1999) & The Trade Marks Rules, 2002 [GSR 114(E) dated 26 February 2002 published in the Gazette of India, Extraordinary, Part II, Section 3 (i) dated 26 February 2002]; (iv) The Geographical Indications of Goods (Registration and Protection) Act, 1999 (Act 48 of 1999) & The Geographical Indications of Goods (Registration and Protection) Rules, 2002 [GSR 176(E) dated 8 March 2002 published in the Gazette of India, Extraordinary, Part II, Section 3 (i) dated 8 March 2002]; (v) The Designs Act, 2000 (Act 16 of 2000) & The Designs Rules, 2001 [SO 414(E) dated 11 May 2001 published in the Gazette of India, Extraordinary, Part II, Section 3 (ii) dated 11 May 2001];
- (vi) The Semiconductor Integrated Circuits Layout-Design Act, 2000 (Act 37 of 2000) & The Semiconductor Integrated Circuits Layout-Design Rules, 2001 [GSR 892(E) dated 10 December 2001 published in the Gazette of India, Extraordinary, Part II, Section 3(ii) dated 10 December 2001]; and (vii) The Protection of Plant Varieties and Farmers' Rights Act, 2001 (Act 53 of 2001) & The Protection of Plant Varieties and Farmers' Rights Rules, 2003 [GSR 738(E) dated 12 September 2003 published in the Gazette of India, Extraordinary, Part II, Section 3(i) dated 12 September 2003].
- 2 These four IP statutes are: (i) The Copyright Act, 1957 (Act 14 of 1957); (ii) The Patents Act, 1970 (Act 39 of 1970); (iii) The Trade Marks Act, 1999 (Act 47 of 1999); and (iv) The Designs Act, 2000 (Act 16 of 2000).
- 3 These IP statutes are: (i) The Geographical Indications of Goods (Registration and Protection) Act, 1999 (Act 48 of 1999); (ii) The Semiconductor Integrated Circuits Layout-Design Act, 2000 (Act 37 of 2000); and (iii) The Protection of Plant Varieties and Farmers' Rights Act, 2001 (Act 53 of 2001).
- 4 Judgment Information System (JUDIS), Supreme Court of India, <https://main.sci.gov.in/judgments>, accessed 14 January 2024.
- 5 SCC Online, <https://www.scconline.com>, (accessed on 14 January 2024).
- 6 *Victory Iron Works Limited v Jitendra Lohia* (2023) 7 SCC 227; V Ramasubramanian and Pankaj Mithal, *JJ*. Justice V Ramasubramanian authored the judgment on behalf of the Court. The Court referred to the provisions of Section 2 (jb) of the Recovery of Debts and Bankruptcy Act, 1993 (Act 51 of 1993) wherein the expression 'copyright' was used. The second case is *M Hemlatha Devi v B Udayasri* 2023 SCC OnLine SC 1686, in which Justices Sanjay Kishan Kaul and Sudhanshu Dhulia were on the Bench and Justice Sudhanshu Dhulia authored the judgment.
- 7 2023 SCC OnLine SC 1163.
- 8 2023 SCC OnLine SC 1163, para 11.
- 9 *Toyota Jidosha Kabushiki Kaisha v Prius Auto Industries Ltd*, (2018) 2 SCC 1; and *S Syed Mohideen v P Sulochana Bai*, (2016) 2 SCC 683.
- 10 2023 SCC OnLine SC 1163, para 12.
- 11 [1990] 1 WLR 491.
- 12 2023 SCC OnLine SC 1163, para 14.
- 13 2023 SCC OnLine SC 1163, para 16.
- 14 (1994) 2 SCC 448.
- 15 (2023) 7 SCC 295.
- 16 Act 31 of 2016.
- 17 (2023) 7 SCC 295, 304.
- 18 (2023) 7 SCC 295, 305–306.