



# Making your mark

**The economic downturn must not deter rights owners from deploying smart strategies to protect and build their intellectual property portfolios**

*Vandana Chatlani reports*

**J**ohn Squires, a partner and co-chair of the IP practice at Chadbourne & Parke in New York, tells a story about Judge Rich, a former chief judge of the Federal Circuit Court of Appeals (the highest patent court of exclusive jurisdiction in the US) and the primary author of the US Patent Act, 1952, which is still in effect today.

“Judge Rich was a young lawyer in the US during the great depression,” recounts Squires. “My colleague asked him what it was like being a patent lawyer during the great depression. Judge Rich smiled and cheerily replied, ‘There was no great depression for patent lawyers’.”

Judge Rich’s remarks hold true today, says Squires, even though the current downturn can hardly be compared to the economic disaster of 80 years ago. “Smart companies are using and should use the downturn to expand their reach and IP protections in order to better position themselves competitively as markets come back – and come back they will,” Squires predicts confidently.

Such advice may seem easier said than done for cash-strapped in-house legal departments, but many strategies for protecting and enhancing the value of intellectual property make good commercial sense, even in times of



*Intellectual Property Practice*

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## IP PRACTICE

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adversity (see *Crisis management*, page 20). Moreover, as *India Business Law Journal* reported last month, the risks and repercussions of hasty cost-cutting when it comes to IP rights protection can easily outweigh any short-term financial gains.

“Companies do have specific expense control measures they can deploy smartly, such as provisional patent application filings where commercial markets are less mature and developing,” explains Squires. “Companies can also rationalize certain patents in geographic markets where patent coverage for products or services may no longer make sense.

“In addition, in the US there are companies and even funds that will buy patents or pending applications on the market, so companies can sell those patents that they determine are no longer core to them. That is a market dynamic that was not available even a few years ago,” Squires adds.

Nicholas Studler is the trademark counsel for Eurasia and Africa at Coca-Cola. He believes there are various ways to achieve and protect innovations while keeping a tight control on expenditure. Studler suggests leveraging the advantages of modern software; allocating work for multiple countries to one law firm to reduce the administrative burden and obtain lower legal rates; reviewing and adapting internal processes and procedures; and optimizing existing portfolios.

“Our budgets changed a lot. We had consecutive budget reductions in a two-digit range for the last three years,” reveals Studler, “but not since the beginning of the crisis. Our management is very cost conscious and we have been taking action in the last couple of years to reduce unnecessary expenses and to become more efficient.”

### Saving by spending

It is futile to invest in the development of intellectual property if one is going to adopt a penny-pinching attitude towards its protection and enforcement (see *Doing away with false economies*, page 22). The repercussions of inadequate protection are severe; one act of breach can destroy value that has taken many years and considerable investment to build.

According to Jordanna Popli, a senior solicitor at Wragge & Co in Birmingham, UK, proper protection is necessary

**Without continuing to conduct IP audits and brand clearance, a business leaves itself much more open to the risk of costly litigation**

Jordanna Popli  
Senior Solicitor  
Wragge & Co



**The presence of an in-house patent attorney will save money**

Constance Huttner  
Partner  
Vinson & Elkins



not only to prevent conscious infringement but also to avert the copying of third party IP, which sometimes occurs out of ignorance but in other cases is arguably more calculated (see *Bollywood remakes: Inspiration or infringement?*, page 24). “Companies may do this intentionally, but without knowledge that it constitutes an infringement, or unintentionally due to a lack of carrying out proper brand, design, technology and third party searches,” she says. “Without continuing to conduct IP audits and brand clearance, a business leaves itself much more open to the risk of costly litigation.”

Even companies in the innovation stages of product development are at risk of committing innocent infringement. “As a result of reduced budgets, some companies may attempt to minimize their costs associated with producing a product by copying designs of competing products or not expending time and money for performing an adequate patent clearance search for the product,” explains Jody Bishop, a partner at Fulbright & Jaworski. “This may result in a greater likelihood of infringing the IP rights of others.”

According to Constance Huttner, a partner at Vinson & Elkins in New York, in-house counsel have a very important role to play in minimizing the risks of IP violation by a company. “One of the worst mistakes a company whose business relies on its intellectual property can make is to try to save money by not having an in-house intellectual property attorney,” says Huttner, who has wide-ranging experience advising clients in a variety of patent trials and appeals in the biotechnology and pharmaceutical sectors.

Huttner believes that an in-house lawyer can understand a company’s business, culture, policies, strategies, and goals to a degree that cannot be achieved by an external lawyer. “This knowledge is very important when decisions regarding patent as well as trademark protection are made,” she says. “The presence of an in-house patent attorney will save money by the supervision of the outside attorneys, ensuring that costs are contained as much as possible and work is done as efficiently as possible.”

### Good housekeeping

Several lawyers explain that considerable costs can be saved simply by conducting periodical reviews of IP portfolios, and that the overall importance of IP maintenance and prescience (to sustain a long-term vision and to monitor

## Crisis management

### Indian and international IP experts offer their tips on safeguarding intellectual property during the downturn

I would advise domestic companies to be very careful of knowingly stepping on someone else's IP toes, because they're certainly going to recoil. I don't think there will be any hesitation in retaliation at this point of time.

**Dev Robinson, Partner**  
**Amarchand Mangaldas**

Companies need to register their trademarks and copyrights and designs on a priority basis. Their IP task force should remain vigilant and report any piracy detected.

**Karnika Seth, Partner**  
**Seth Associates**

In the current environment, reputational threats are potentially significant and increasing as we see adverse press reports about some entities. There is potential for them to suffer enormous and ongoing damage to key brands.

**Kim O'Connell, Partner**  
**Mallesons Stephen Jaques**

IP owners should offer real incentives for piracy reporting to the general public as well as, critically, their own employees. Link these incentives to seizure values. Convert your work force into a 'thousand eyes and ears'.

**Ameet Datta, Partner**  
**Luthra & Luthra**

Code mechanisms should be in place so that internal content cannot be used externally. Storage mediums should be removed. Employees should have no access to external e-mail and no storage mediums in the work area. Sophisticated technology is necessary. These are concrete steps that companies and employers can take to prevent data theft and a breach of confidentiality.

**Chetan Thakker, Partner**  
**Kanga & Co**

This is the perfect time to figure out alternative research and development methodologies that cost less. I think the downturn presents an excellent opportunity for companies to introspect and move beyond their conservative shackles.

**Shamnad Basheer, Professor**  
**National University of Juridical Sciences**

Every IP-owning company should engage in strategy management in order to understand the changing economy and positively respond to such changes. Companies should follow practices such as risk management in order to make timely adjustments and to preserve or enhance their market.

**Rahul Chaudhry, Partner**  
**Lall Lahiri & Salhotra**

Companies, particularly, in the outsourcing area, should discuss the issue of retention with their clients and attempt to build in pricing to provide bonuses or retention compensation to ensure some consistency in the workforce. The use of appropriate contracts with all personnel together with adequate, or slightly above market, compensation may help to protect client and company property from subsequent unauthorized disclosure and avoid unnecessary enforcement costs.

**Bijal Vakil, Partner**  
**White & Case**

Companies may consider reducing IP registrations to a need-to-register basis. This will ensure that the IP portfolio is managed in a cost-effective manner.

**Anoop Narayanan, Partner**  
**Majmudar & Co**

At a time when a company is cash rich, it can go for multiple protections ... If you're at a time when cash is a problem, you'll concentrate on the core protections, which means you'll restrict it to some strategic protections which will carry you over a reasonable distance. You have to get very strategic at this time.

**Pravin Anand, Managing Partner**  
**Anand and Anand**

Commercially realizing the value of IP can act as a crutch in financial turmoil. Contractually safeguarding rights licensed to companies minimizes the risks associated with insolvency, default or breach.

**Jordanna Popli, Senior Solicitor**  
**Wragge & Co**

Whether or not there is a recession, you have to protect your patents.

**Milind Antani, Partner**  
**Nishith Desai Associates**

## Today's economy dictates that patents are not commodities

Bijal Vakil  
Partner  
White & Case



existing assets) cannot be emphasized enough. Without such reviews, companies often forget to renew their registration licences, and so retain unused or useless brands instead of discarding them. Surrendering these non-performing patents and applications saves maintenance fees and prosecution costs, in some cases adding up to significant amounts.

A common and costly error occurs when a company simply fails to inform its legal team of its decision to drop an existing infringement case which is no longer deemed worthwhile. "Too often companies seek protection for intellectual property, and then turn the prosecution over to the legal group ... and for a variety of reasons, the business group elects not to pursue the business opportunity related to the intellectual property, but fails to advise the legal group," says Stuart McCormack, a partner at Stikeman Elliott in Canada. "So money is spent pursuing something which, from a business point of view, the internal client has lost interest in."

While audits can certainly reduce wastage, they can also uncover untapped commercial opportunities. "An audit may reveal forgotten, unknown or unattended IP assets that may still have potential for exploitation," says Mahendra Singh, chair of the IP practice at Delhi-based PSA Legal Counsellors. "For instance, a book publisher whose rights in out-of-print titles are still subsisting may explore the possibility of bringing out fresh, revised editions or translations or adaptations of some of them, or it may license such rights to others."

Bijal Vakil, a partner at White & Case, agrees that unlocking the value of a company's core products is a vital and complex process that requires careful assessment. "Today's economy dictates that patents are not commodities," he says. "The days of simply referring to the size of a patent portfolio are long gone. The quality of a patent is much more important today. We have encountered numerous situations where a single patent was much more valuable than hundreds of patents in a portfolio."

Predicting the revenue-generating potential of products is a challenge, as illustrated in the case of one of Squires' clients, which ranked its invention disclosures in terms of anticipated market value in order to determine patent-spend priorities. "They ranked all their invention disclosures in descending importance – A, B, C, with Cs being those that looked somewhat interesting, but were not expected to generate much commercial value," explains

Squires. "Five years later, the company found that over 75% of its licensing revenue was being generated from invention disclosures originally categorized as C – that is, those that were anticipated to have little or no value at the time of filing.

"The point is, since value in intellectual property is realized over time and it is difficult, if not impossible to predict the path that technology will take, companies nevertheless should continue to think strategically and similarly deploy their resources to the longer view," Squires says.

### Global vision, local focus

While most lawyers agree that long-term vision is critical to the success of any IP protection strategy, many also stress the need for an international outlook. "Domestic markets are important, but more frequently for long-term business strategy, protection outside the domestic market is desirable," says McCormack. "It becomes easier to create a joint venture in another country when you have solid intellectual property protection in that country."

Kim O'Connell, a Sydney-based partner at Mallesons Stephen Jaques, believes that companies that lack international vision risk missing key opportunities and making costly mistakes. She gives the example of Monster, an energy drink brand that is at the centre of a protracted IP dispute.

The drink was originally sold internationally by US-based Hansen Beverage, which failed to register the trademark in Australia. Australian manufacturer Bickfords subsequently registered the Monster trademark in the country and created its own energy drink under the same name. As a result, Hansen is embroiled in an extensive and complex litigation. It also has to overcome the damage caused to its brand in Australia by the sale of Bickfords' product. "What should have been a simple brand launch is now considerably more complicated," says O'Connell. "Hansen has a longer, harder and more expensive road ahead of it to successfully establish the Monster brand in the Australian market."

The Hansen case is indicative of the dangers that face intellectual property owners in India. Indeed, many companies are particularly vulnerable in India because their past IP strategies failed to anticipate the significance of the market and the speed with which it would emerge.

## If you are in good hands law firm-wise, a huge burden is taken off your shoulders

Nicholas Studler  
Trademark Counsel  
Eurasia and Africa  
Coca-Cola



## Doing away with false economies



**Rahul Chaudhry, a partner at Lall Lahiri & Salhotra, explains how companies can maximize the value and minimize the cost of IP protection**

In the world of intellectual property, attempts to save money in the short term can lead to serious long-term losses. Smart IP managers will look instead to simple measures that focus resources where they are really needed, protecting valuable assets that are crucial to the company's current and future success. Thoughtful, targeted spending using the strategies outlined below might save a lot more money than false economies ever can.

**Effective and efficient invention disclosure reports:** Disclosure reports should be clear and comprehensive, including all needed drawings, descriptions and models. Careful preparation by the inventor helps ensure efficient processing of the report by the drafting attorney, thereby minimizing costs.

**Abandoning non-performing patents:** The relevance and rates of return of each asset should be assessed to see if it is still needed. Some companies are hesitant to abandon an unneeded patent for fear that it is later found necessary to protect an important product or technology. If so, a thorough and blame-free identification process can be established, whereby patents identified as unneeded are reviewed and signed off by the legal, technical and business groups within the company before being abandoned.

**Jurisdiction-specific maintenance of IP:** While the protection of a patent or a trademark may have made sense at the time of filing in a particular jurisdiction, it need only be maintained there as it continues to return value to the company. Using objective standards to eliminate unnecessary coverage reduces maintenance fees.

**Making only the claims that are really needed:** During patent prosecution, attorneys usually include claims with the broadest possible scope. However, claims are often very difficult and expensive to procure as well as unnecessary to achieve the company's business goals. A more cost-effective approach is to focus on narrow claims that specifically cover the company's technology and its most important applications.

**Using trade secrecy:** A novel cost-saving methodology has recently become more common: dividing inventions into various parts and filing only one of these as a patent, while keeping the others as trade secrets. Under this approach, follow-on inventions may also be kept as trade secrets. However, this method is advisable only if the company has a sound secrecy programme in place, and is confident that competitors will not be able to arrive at the same invention independently.

**Benefiting from IP office delays:** The lengthy

processing delays at IP offices can be used to applicants' advantage: while the upfront drafting and filing costs of patent or trademark applications cannot be avoided, the significant costs incurred during prosecution can be deferred until the economy stabilizes.

Besides these strategies to reduce IP-related costs, there are also opportunities to enhance the value of an IP portfolio:

**Licensing strategies:** These are now widely accepted as key instruments for achieving corporate goals. Once it is determined where licensing fits best into a company's overall business strategies, a licensing programme can be developed to meet the identified aims.

**Acquiring cut-price IP:** The current economic environment offers opportunities to acquire IP at favourable prices: cash-strapped investors, and small or start-up companies that have lost funding, may well be ready to sell IP reduced rates. It is important to identify what the purchaser really needs, and to use an effective valuation process before commencing with negotiations over prospective purchases.

**Audit existing IP agreements:** A second look at a company's existing assets may reveal valuable back-royalties that are owed and ready to be collected. Many companies fail to carry out adequate accounting of their various IP agreements, often because they are hidden away in various internal factions of the company, making them difficult to track.

The cost of IP protection is a small but vital part of a company's total R&D investment; registering brands and trademarks is the easiest and cheapest way for a company to safeguard the whole process. Although financial managers are now placing unrelenting pressure on IP professionals to contain or reduce costs, protection of assets is vital to assure long-term business goals. The best answer to the dilemma lies in auditing, assessing and streamlining IP portfolios.

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*Rahul Chaudhry was called to the bar in September 2002. He joined Lall Lahiri & Salhotra in January 2004 and became a partner just four years later. Along with the firm's founding partners, Anuradha Salhotra and Amar Raj Lal, Chaudhry is regarded as one of the most prominent faces of IP management in India.*

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“India is a very promising and a diversified market where people are brand-conscious,” observes Jyoti Taneja, a partner at Akash Chittranshi & Associates. However, as McCormack explains, “For many years, protecting intellectual property in India through formal registration was simply not on the radar screen of many companies in Western countries.

“India’s rapid rise has left many companies lagging behind in terms of obtaining protection,” he says.

Karnika Seth, a partner at Seth Associates, describes some of the unique challenges that face IP owners in the country: “Geographical markets differ significantly throughout India. Manufacturers and sellers of pirated goods may keep shifting their locations and appropriate police assistance may be difficult to get in certain territories.”

“The number of small scale infringers is extraordinarily high,” adds Studler at Coca-Cola. “The trademark register is crowded and I was surprised to see many co-existing identical trademarks. The speed of change makes it hard to keep up.

“India is a fascinating country, and not only from the IP standpoint,” he enthuses.

### Time for austerity measures?

Studler says that companies should think twice before discarding any of their IP assets. “As the manager of an IP portfolio you have to think ahead when making decisions since all IP filings and applications take some time,” he says. “One thing is for sure: the economic downturn will not last forever. If you clean up your portfolio now in order to save some bucks for your budget, you may end up spending more at a later time to get the rights back when you really need them.”

Daren Orzechowski, a partner at White & Case in New York, says it’s especially important for companies with international IP portfolios and exposure in India to include IP related clauses in all contracts with employees and consultants who may have access to (or may create) IP or other sensitive information. “Such contracts should focus on securing confidentiality and locking up intellectual property rights, and avoiding any reversion rights, from the moment of creation,” says Orzechowski. “Possessing

With Indian clients, it’s ‘What is a trademark?’ rather than a discussion about deceptive similarity

Chander Lall  
Managing Partner  
Lall & Sethi



It’s really hard to predict what kind of policies will be framed in this environment

Shamnad Basheer  
Professor in IP Law  
National University of  
Juridical Sciences



a breach of contract claim may ultimately prove more advantageous than ordinary intellectual property protection,” he adds.

Regular, commonsense security measures are also important, says Orzechowski: “In addition to legal protections, practical physical protections should be put in place, including computer and office security policies and restrictions. The legal protections should be the second line of defence because by the time the legal rights are analysed the actual security measures have often already been breached.”

### When things go wrong

In such circumstances, IP owners must decide whether to turn to India’s famously slow and over-burdened judicial system in search of recompense. If they do, they are likely to find that the country’s civil courts offer a more attractive course of action than the criminal ones.

“In recent times, the Indian civil courts have begun awarding fairly sizeable compensatory and punitive damages in IP matters,” says Nikhil Krishnamurthy, a senior partner at Krishnamurthy & Co in Bangalore.

“Clever civil litigation strategies routinely result in quick settlements and the payment of costs and damages by infringers,” he adds. “While criminal remedies do have the desired deterrent effect immediately following a raid, criminal trials have their own inherent weaknesses and rights owners may do well to adopt the civil route.”

Litigation of any sort has the tendency to be slow and extremely costly, but as Orzechowski explains, costs can be reduced substantially if the action is run through one lead counsel and resources are shared. For example, co-defendants of infringement claims can cooperate to slash costs and maximize their access to prior art or other assets that may be useful for leveraging a group settlement.

Vakil notes that companies entering India (through outsourcing or otherwise) often lack an adequate understanding of how the litigation process works in the country. “While injunctive relief is available [in India],” he says, “damages awards are rare and often not commensurate with the harm caused by an infringement. US companies would not typically expect this result given the awards

given through [the US] legal system.”

Vakil continues: “Companies outside India may be well advised to seek arbitration in India or in accordance with the appropriate legal principles for the ease of enforcement in India to remedy this.”

Indian parties often prefer disputes to be adjudicated by Indian courts, Vakil adds, but “this is often a difficult provision to obtain in view of the seemingly endless time to trial along with the perceived bias in favour of Indian parties as compared to non-Indian parties.”

Obtaining high-quality local legal advice is perhaps the most sensible approach for multinational companies that wish to resolve disputes quickly and comprehensively. “If you are in good hands law firm-wise, a huge burden is taken off your shoulders,” says Studler at Coca-Cola. “Seek local expert advice to develop a good strategy; have a clear defined plan of what your company wants to achieve in India; be adventurous; and enjoy the opportunities that incredible India has to offer.”

## Signs of improvement

Despite widespread international criticism of India’s judicial system, many observers believe that things are improving. “Infringement cases are filed in very large numbers at the Intellectual Property Appellate Board (IPAB),” says Jyoti Sagar, senior partner of IP boutique K&S Partners and managing partner of J Sagar Associates. “Delhi High Court is very established in making judgments on IP,” he adds. “Judges understand the trademark side and the cases are procedurally quicker. When a case is made, your appeal is heard virtually the next day.”

Kalpna Merchant, a Mumbai-based partner at AZB & Partners, has also witnessed improvements. “The patent office has better infrastructure [now],” she says. “Even registration used to be cumbersome. Now it’s much more efficient.”

Overall, however, India’s IP framework remains at a nascent stage. Its development is promising, but frustratingly slow.

## Inspiration or infringement?

**Ameet Datta, a partner at Luthra & Luthra, uses a case study of India’s film industry to highlight the IP challenges facing foreign rights owners**



There is a general consensus that Bollywood is in bad shape; yet films such as *Chak De India*, *Welcome*, *Partner*, *Taare Zameen Par*, *Singh is King* and *Ghajini* have had cash registers ringing at box offices across the country. So is creativity and originality booming in Bollywood or not?

Will Smith’s Overbrook Entertainment and Sony Pictures have their own views on this question, as their film *Hitch* may have provided more than just inspiration for the Indian hit *Partner* starring Bollywood actors Salman Khan and Govinda. A similar close link exists between the Denzel Washington film *Man on Fire* and *Ek Ajabee* with Amitabh Bachhan, and between the film *Momento* and the 2008 hit *Ghajini*, which made Rs2 billion (US\$40 million). More recently, planned Indian remakes of *My Cousin Vinnie* and *The Curious Case of Benjamin Button* have goaded their Hollywood owners into action to protect their IP.

A film as a whole is protected as a work, while underlying elements such as screenplays, lyrics, musical compositions, sound recordings, photo stills and set design also qualify for IP protection. A script or a set of lyrics is a literary work and the Copyright Act, 1957, prescribes certain exclusive rights, including the right to reproduce the work in any material form, or to adapt the work in order to make a film.

Film copyright is infringed if the recorded moving images constituting the film are copied, as in video piracy. The copyright in a film is not infringed if the subject matter of a film is remade as a new film; what

may be infringed in such a case are the script, screenplay and other underlying elements.

This is the tricky part; copyright law does not protect ideas in themselves, but the expression of ideas. While the central idea or theme of a story does not attract copyright protection, the protectable elements of a film include the textual aspect (the script), and non-textual aspects including the combination of situations, events and scenes which constitute the form, manner and working out or expression of the idea or theme.

As in the case of a film which copies a theatrical play, the substantial copying of a film’s script or unique sequenced plot elements may allow a court to find in favour of a plaintiff. The litmus test is the “lay observer test”, which ascertains if there is an objective similarity between two films. The test holds that there is copyright infringement if the viewer, after having seen both films, receives an unmistakable impression that the subsequent film is a copy of the first film.

For example, the verbatim reproduction of dialogues (even if translated), “frame to frame” copying or comparable sequencing of scenes and fleshing out of characters will lead to a finding of copyright infringement. Less-obvious copying will still face close examination by a court, but assessment is more difficult when there is only a non-textual copying allegation.

The remaking of foreign films in India has sometimes been ingeniously explained as “cultural copying”; as a

Both at home and abroad, fears over the country's weak enforcement mechanisms and sluggish judicial system weigh heavily on the minds of IP owners and their legal counsel.

Krishnamurthy acknowledges the system's failings but suggests they can be redressed through the better allocation of resources and the provision of appropriate training. "One of the main areas of concern with protecting IP in India is the lack of specialized courts to handle IP matters," he says. "I strongly believe that good precedents in IP are more likely with specialized courts comprising judges trained in the various types of IP. Specialized courts could possibly ensure faster disposal of IP matters."

Shamnad Basheer, professor in intellectual property law at the National University of Juridical Sciences in Kolkata, believes that the judiciary deserves more credit than it receives. "It's not that [judges] are stupid," he says. "They are trying really hardcore cases – dowry deaths and murders. When it comes to IP, they are blank. That's what should change."

prominent director allegedly said: "When you take an idea and route it through the Indian heart, it changes entirely." Such an opinion would probably fail to impress American director Quentin Tarantino, given that reports out of Los Angeles referred to Bollywood film *Kaante* as a "singing, dancing *Reservoir Dogs*".

In the case of *RG Anand v Delux Films*, the Supreme Court held that if two authors independently develop the same idea, there is no copyright infringement even if there are similarities, saying: "The fundamental fact which has to be determined [is]... whether or not the defendant not only adopted the idea of the copyrighted work but has also adopted the manner, arrangement, situation to situation, scene to scene with minor changes or superficial additions or embellishment here and there."

In *Barbara Taylor Bradford v Sahara Entertainment Ltd*, Calcutta High Court held that basic plots and characters were not protectable under copyright law. In this case Bradford sued Sahara for copyright infringement by their use of the plot, theme and characters from her novel *A Woman of Substance* in their proposed serial *Karishma – The Miracle of Destiny*. It was held that the mere similarities in plot lines and thematic resemblance did not lead to a conclusion of copying, and the court cautioned against over-protection, which could curb future original works.

In *Zeccolla v Universal Pictures*, Universal Pictures sought to restrain the exhibition and distribution of an Italian film, *Great White*, based upon similarities to the cult film *Jaws*. In hearing a challenge by the defendant to the granting of an interim injunction wherein he claimed that Universal could not assert a right on a genre film, the Federal Court of Australia held that, "In general, there is no copyright in the central idea or theme of a story or play however original it may be; copyright subsists in the combination of situations, events and scenes which constitute the particular working out or expression of the idea or theme. If these are totally different the taking of the idea or theme does not constitute an infringement of copyright."

Krishnamurthy suggests that rights owners should finance more training programmes for the IP enforcement departments of the police and customs. "This may in turn give impetus to an increase in *suo moto* actions by such agencies, without being a burden on the enforcement budget," he says.

### Education is key

Other observers echo Krishnamurthy's call for a greater emphasis on education. "Schools, teachers, press, television and theatres are all good places to spread awareness," says Anand Desai, managing partner of DSK Legal. "Most people don't understand what piracy is and are generally law-abiding."

Chander Lall, managing partner of Lall & Sethi, takes this assertion a step further, arguing that education is also required for IP owners, particularly domestic ones. "They are completely uneducated about it," he tells *India Business Law Journal*. "The level of understanding [by domestic

The court also observed that two questions were involved: the degree of objective similarity between the novel and the screenplay, and whether copying was established. The appeal court upheld the single judge's finding: there was such a marked degree of similarity between the two films that there was an inescapable inference of copying and that the respondent had an excellent chance of success at the trial.

Practically speaking, a suit for copyright infringement by a foreign copyright owner in India will likely be subject to the same standards. Were the tests outlined above to be applied to many Bollywood films that are defended by their creators as remakes, several would be likely to find themselves on the wrong side of the law.

The 2006 case of *Sholay Media & Entertainment Pvt Ltd & Anr v Mr Parag M Sanghavi & Ors* before the Delhi High Court – in which the Ram Gopal Verma film *Ram Gopal Verma Ke Sholay* was restrained from release due to copyright and trademark infringements in relation to the cult film *Sholay* – is a pointer that rights owners may no longer be willing to let things slide.

Regardless of whether some Bollywood films are classified as remakes or as cultural copies, the central issue of infringement remains.

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clients] is completely different [to that exhibited by foreign clients]. The level of conversation is completely different. With Indian clients, it's 'What is a trademark?' rather than a discussion about deceptive similarity. It is 'Why do I need to protect?', 'Can I get a worldwide registration?'"

Mahua Roy Chowdhury, an attorney at IP firm Solomon & Roy, believes that IP education should be extended to cover the moral and social responsibilities of rights holders. "India is a cost-sensitive market in which the majority of the population is unable to afford branded, copyrighted and patented products bearing a high price tag," she says. "Right holders have an equal responsibility in reducing costs, especially in terms of products of necessity."

## Different responses

While education is undeniably part of the long-term solution to India's intellectual property woes, the challenges facing IP owners in today's harsh economic environment demand more immediate solutions.

"Almost all clients have become extremely cost-conscious," says Ameet Datta, a Delhi-based partner at Luthra & Luthra. But while the need to cut costs may be universal, Datta has noticed that companies in different sectors are responding to the crisis in markedly different ways.

"Client attitudes differ across sectors," he says. "The

continuing need to protect and maximize IP continues to be looked at closely by the music and software industry. On the other hand, the manufacturing and even the hospitality sectors, in contrast to the good times, are wary about engaging in litigation and will often opt for relatively low-cost options such trademark oppositions and legal notices."

Milind Antani, head of the pharmaceuticals, life sciences and healthcare practice at Nishith Desai Associates, has also noticed different responses. "There is no slowdown in the pharmaceutical sector ... it's countercyclical and you're seeing IP-driven collaborations and ventures," he says. "Pharmaceutical companies are known to have large portfolios, so overall, they may decide to do away with unnecessary domain names if they have for example, 20,000 names registered, and they may also concentrate on fewer brands."

Basheer believes it is difficult to forecast how companies will adapt their IP strategies to cope with the global recession. "It's really hard to predict what kind of policies will be framed in this environment," he says. "The worst part is we don't know how long the downturn is going to last and how intensive it's going to be."

On a broader level, Basheer is reassured by the thought that the financial turmoil will bring creativity to the Indian market. "There will be a generation of more ideas – different ways of doing things. Innovation, innovation, innovation ... This is the only way companies can survive this downturn." ■

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