

Criminal Implications of Intellectual Property Infringement under Indian Legislations

Introduction

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Intellectual Property

Intellectual Property Rights are the legal rights that are granted to a person for any creative and artistic work, for any invention or discovery, or for any literary work or words, phrases and symbols or designs for a stipulated period of time. The owners of Intellectual Property are granted certain exclusive rights through which they use their property without any disturbance and can prevent the misuse of their property. Intellectual property is any innovation, commercial or artistic, or any unique name, symbol, logo or design used commercially.² In India, Intellectual Property is governed under the Patents Act, 1970; Trademarks Act, 1999; Copyright Act, 1957; Designs Act, 2001, etc.

The various kinds of intellectual properties are Patents, Trademarks, Copyrights, Trade Secrets, Industrial Designs, Lay out Designs of Integrated Circuits and Geographical Indications.

The core area dealt with in this article lies at Patents, Trademarks and Copyright. Patents protect the inventions, Trademarks prevent the infringement of the marks or the logos under which the business is carried on or the goods are manufactured or sold and Copyright grants protection to the authors of original work which can be artistic, literary, dramatic or musical.

Rights Granted To Various IP Owners

People who seek the protection of their intellectual property to avoid any interruption in the use of his property. The creators of any invention, or a mark or a literary or creative work spend money as well as time for creating the Intellectual Property, hence they should also be granted certain rights like exclusive use of their invention or

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² http://www.stopfakes.gov/sf_what.asp#q1 as accessed on 20th May 2009 at 15:20 hrs.



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claiming remedies for the infringement etc. The rights granted to Patent holders, Trademark holders and Copy right holders are as follows:

Patent

When an invention is made in any field, it is of utmost importance to protect it from getting exploited by anybody other than the inventor and the same is possible by obtaining a patent for an invention. A patent grants exclusive rights to a patent holder. The inventors can use their invention and they will be able to take legal action against anyone who uses it without their permission.

A patent grants the right to stop others from copying, manufacturing, selling, and importing the invention without the patent holder's permission. The existence of patent may be enough on its own to stop others from trying to exploit the invention. If it does not, it gives patentee the right to take legal action to stop them exploiting his invention and to claim damages. The patent also allows selling the invention and all the Intellectual Property (IP) rights, licensing the invention to someone else but retaining all the Intellectual Property Rights, discussing the invention with others in order to set up a business based around the invention. The public also benefits from one's patent as they can gain advance knowledge of technological developments which they will eventually be able to use freely once the patent ceases. This advance knowledge is possible as the government publishes the invention after 18 months.³

To exploit the Intellectual Property fully, it makes strong business sense to do all one can to secure it. One can then protect it against infringement by others and ultimately defend in the courts one's sole right to use, make, sell or import it; stop others using, making, selling or importing it without one's permission; earn royalties by licensing it; exploit it through strategic alliances; make money by selling it.⁴

³ <http://www.ipo.gov.uk/types/patent/p-about/p-benefit.htm> as accessed on 11th May at 17:50 hrs.

⁴ <http://www.businesslink.gov.uk/bdotg/action/detail?type=RESOURCES&itemId=1074300698> as accessed on 11th May at 17:00 hrs.



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Trademarks

A trade mark is a sign which can distinguish the goods and services of the trademark holder from those of the competitors. It can be for example words, logos or a combination of both. Registering a Trademark is not compulsory.⁵ It may be registered or unregistered.

Registered Trademark: Registering a trade mark gives Trademark holder the exclusive right to use his mark for the goods and/or services.

If the trademark is registered then the symbol ® is placed next to the trademark so as to warn others against using it. However, using this symbol for a trade mark that is not registered is an offence.

A Registered Trade Mark may put people off using the trade mark without the permission of the holders, allows them to take legal action against anyone who uses their trade mark without their permission, allows Police to bring criminal charges against counterfeiters if they use their trade mark. A registered Trademark is their property, which means they can sell it, or let other people have a license that allows them to use it.

Unregistered Trademark: For the protection of unregistered trademark, if it is not registered, still the holder of an unregistered trademark will be able to take an action against anyone who uses it without his permission through the common law action of *passing off*. To be successful in a *passing off* action, one has to prove that the mark belongs to him, he must have built up a reputation in the mark and he has been harmed in some way by the other person's use of the mark. It can be very difficult and expensive to prove a passing off action. In case of a passing off action, the burden of proof, which is heavier as compared to proving infringement of an unregistered trademark, lies on the plaintiff. If a trade mark is registered, it is easier to take legal action against infringement of the mark, rather than having to rely on passing off.⁶

⁵ Section 2 (1)(zb) of the Trademarks Act,1999.

⁶ <http://www.ipo.gov.uk/types/tm/t-about.htm> as accessed on 12th May 2009 at 10:00 hrs.



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Copyright

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings.⁷ In fact, it is a bundle of rights including, *inter alia*, rights of reproduction, communication to the public, adaptation and translation of the work. The only criterion to determine whether a person is entitled to copyright protection is originality in expression.⁸ In deciding whether a work or creation is entitled to copyright protection, its substance or quality is immaterial. For example, a web page may be very badly designed, but it is entitled to copyright protection as long as its layout, structure or design is original. A person can have copyright over all original works created by him as well as those created by his employees during the course of their employment. If, however, the owner is getting work done or developed through third parties, the owner will get copyright over such work only if the owner has a contract or agreement clearly assigning such rights in the owner's favor.

Copyright ensures certain minimum safeguards of the rights of authors over their creations, thereby protecting and rewarding creativity. Creativity being the keystone of progress, no civilized society can afford to ignore the basic requirement of encouraging the same. Economic and social development of a society is dependent on creativity. The protection provided by copyright to the efforts of writers, artists, designers, dramatists, musicians, architects and producers of sound recordings, cinematograph films and computer software, creates an atmosphere conducive to creativity, which induces them to create more and motivates others to create.⁹

Infringement

Infringement is encroachment upon an owner or an authorized user's property by an outsider without the owner's prior approval. An illegitimate use of somebody else's property consequently leads to infringement. Infringement is breach or the contravention of the prescribed procedure of the law. When a person acts *ultravires*, it becomes a breach of law which ultimately results in violation or infringement of law. Infringement is described as "a crime less serious than a felony."¹⁰

⁷ Section 14 of the Copyrights Act, 1957.

⁸ <http://www.businessgyan.com/content/view/693/427/> as accessed on 12th May 2009 at 15:00 hrs.

⁹ <http://www.education.nic.in/copyright.asp> as accessed on 12th May 2009 at 10:55 hrs.

¹⁰ <http://www.mnemonicdictionary.com/word/infringement> as accessed on 18th May 2009 at 10:25 hrs.



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Infringement of Intellectual Property

The use of intellectual property by a stranger without the prior consent of the owner is infringement of intellectual property. The infringement of intellectual property takes place due to the encroachment in the intellectual property of an owner. Hence it is essential to protect the ideas from getting into wrong hands. The infringement of Intellectual Properties includes Patent Infringement, Trademark Infringement, Copyright Infringement, etc.

Patent Infringement

A person can use a patented product by seeking permission from the owner. This permission may typically be granted in the form of a license. Patent infringement is the act of utilizing a patented invention without permission from the patent holder. In many countries a use is required to be commercial (or to have a commercial purpose) to constitute a patent infringement. Patents are territorial and infringement is only possible in a country where a patent is in force.¹¹ In case of India, the patent infringement proceedings can be initiated only after the grant of patent. Persons involved in making, using, selling, distributing, importing or offering any of the above may be held liable for infringement.

The burden of proof of establishing the infringement is on the plaintiff. However, in case of patent involving the process for obtaining a product where the plaintiff first establishes that the products obtained are identical, the Court may shift the onus on the defendant.

Trade mark infringement

It is a violation of exclusive rights attaching to a trademark without the authorization of the trademark owner or licensees (provided that such sanction was within the scope of the license). Infringement may occur when one party, the “infringer”, uses a trademark which is identical or confusingly similar to a trademark owned by other

¹¹ http://en.wikipedia.org/wiki/Patent_infringement as accessed on 14th May 2009 at 15:10 hrs.

party, in relation to products or services which are identical or similar to the products or services which the registration covers.

The test for determining whether there is infringement/ passing off trademark has been laid down in *Amritdhara Pharmacy VS. Satyadeo Gupta*¹² which states that “Any unwary purchaser of average intelligence and imperfect recollection would not, as the High Court supposed, split the name into its component parts and consider the etymological meaning thereof or even consider the meaning of the component words as ‘current of nectar’ (‘Amritdhara’) or ‘current of Lakshman (‘Lakshmandhara’). He would go more by the overall structure and phonetic similarity and the nature of medicine he has previously purchased or has been told about, or about which has otherwise learnt and which he wants to purchase.”¹³ Applying this principle of average intelligence and imperfect recollection it is possible to find whether there is a similarity between two trademarks and whether there is a likelihood of causing any confusion between the two trademarks.

Copyright Infringement

Copyright infringement or copy right violation is the unauthorized use of material that is covered by copyright law, in a manner that violates one of the copy right owner’s exclusive rights, such as the right to reproduce or perform the copyrighted work, or to make derivative works. For electronic and audio visual media, unauthorized reproduction and distribution is occasionally referred to as piracy.¹⁴

The infringement of copyright takes place by reproducing the work in any material form, issuing copies of the work to the public not being the copies already in circulation including the work in any cinematographic film, making an adaptation of the work, communicating the work to the public, if aware that such act shall amount to infringement of copyright, making, selling, letting on hire, distributing, importing or holding trade exhibits in public of the infringed work.¹⁵

The true test to determine infringement is when a trader, spectator or viewer after having read or seen both the works should get an unmistakable impression that the subsequent work appears to be a copy of the first.

¹² AIR 1963 SC 449

¹³ <http://www.ipab.tn.nic.in/Orders/132-2007.htm> as accessed on 15th May 2009 at 11:48 hrs.

¹⁴ http://en.wikipedia.org/wiki/Copyright_infringement as accessed on 14th May 2009 at 14:50 hrs.

¹⁵ Section 51 of The Copyright Act, 1957



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Remedies available for infringement

When there is a violation or an infringement of an intellectual property, it becomes the sole right of the Intellectual property holder to obtain a remedy for the infringement of something that he has acquired with a lot of hard work and tremendous efforts. Hence it is necessary to grant remedies to the intellectual property holders. The remedies granted to the Intellectual Property holders are of three types: Criminal, Civil and Administrative Remedies.

Patent Infringement Remedies

A Suit for Infringement of Patent has to be filed before the District Court or the High Court (depending on the pecuniary jurisdiction) within whose territorial jurisdiction the cause of action has arisen.¹⁶ However if the counter claim for revocation has been filed against the same, only the High Court has the jurisdiction to entertain the matter. The right to move the court of law to enforce a patent is vested with any person who holds a valid claim on the subject matter of the patent.

The reliefs that a court may grant in a patent infringement suit, would include an injunction (subject to such terms, if any, as the court thinks fit) and, at the option of the plaintiff either damages or an account of profits.¹⁷ The court may also order that the goods which are found to be infringing and materials and implement, the predominant use of which is in the creation of infringing goods shall be seized, forfeited or destroyed, as the court deems fit under the circumstances of the case without payment of any compensation.¹⁸

Trademark Infringement Remedies

An owner of a Trademark may commence legal proceedings against a party which infringes its registration.¹⁹ In case of Trademark, statutory protection is available to both registered as well as unregistered trademarks. They are given both civil as well as criminal remedies for infringement or passing off. A Suit for Infringement has to

¹⁶ Section 104 of the Patents Act, 1970

¹⁷ Section 108 (1) of the Patents Act, 1970

¹⁸ Section 108 (2) of the Patents Act, 1970

¹⁹ http://en.wikipedia.org/wiki/Trademark_infringement as accessed on 14th May 2009 at 14:55 hrs.



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be filed before the District Court or the High Court (depending on the pecuniary jurisdiction) within whose territorial jurisdiction the cause of action has arisen.

The proprietors of the trademark as well as licensed users have the option to initiate criminal prosecution against the infringers. The acts recognized as offences against which criminal complaints can be filed are falsifying and falsely applying a trademark, making or processing instruments for falsifying a trademark, applying false description, applying false indication of the country of origin, tampering with an indication of origin already applied to goods, selling goods or possessing or exposing for sale of goods falsely marked, falsely representing a Trademark as registered, improperly describing a place of business as connected with the trademark office and falsification of entries in the register.²⁰

The Criminal Remedies available are that a suit for the above offences can be filed before the magistrate within whose territorial jurisdiction the offence is committed or Police can register an FIR and prosecute directly; (statutory requirement to obtain the Registrar's approval). Besides confiscation of goods and machinery, the Code of Criminal Procedure, 1973, also provides for the imprisonment starting from six months which can be extended to three years or fine of Rs. Fifty thousand which can be extended to two lakhs or both.

Copyright Infringement Remedies

A Suit for Infringement of copyright has to be filed in a District Court or a High Court (depending on the pecuniary jurisdiction) within whose territorial jurisdiction the cause of action has arisen.

Copyright infringement is a cognizable (non-bailable) offence punishable with an imprisonment of six months which can be extended to three years or a fine not less than fifty thousand which can be extended to two lakhs. For the second and subsequent conviction, the minimum term of imprisonment has increased to one year which may extend to three years and minimum fine has increased to one lakh which may be extended to two lakh

²⁰ Section 102 of the Trademarks Act, 1999

rupees.²¹ These are the Criminal Remedies available to the Copyright holders for infringement of their copy right.

The copyright act authorizes a police officer, not below the rank of a sub-inspector to seize without a warrant, all copies of work, and all plates used for the purpose of making infringing copies of work and produce them before the magistrate.²²

These should be considered as an alternative to civil remedies/actions, since they are conducted by local authorities, thereby causing a great cost saving to the Intellectual Property owner.

The Civil Remedies available to the aggrieved parties are almost the same for all the Intellectual Properties. They are injunctions against future violations civil raids & seizures, damages or accounts of profits, delivery up/ discovery of infringing material / documents, preservation of assets and interim / interlocutory injunction.

There are also Administrative Remedies available to the copyright, trademark and patent which include ban of import or export of goods including protection of patents, trademarks and copyrights²³ confiscation of infringing material by Excise Authorities and delivery to the owner and Restrictions against parallel importation of goods.

Conclusion

With each passing day the arena of Intellectual Property is gaining greater importance. People have even started celebrating *World Intellectual Property Day* on 26th April. The Code of Criminal Procedure, the Indian Penal Code as well as the Patent Act, 1970, grant exclusive rights to the holder of the intellectual property as well as provide for the punishment for the violation of Intellectual Property. Besides the amendments made in these acts, Special Intellectual Property cells are set up in major cities and *suo moto* raids are also being carried out, The Code of Civil Procedure is amended to ensure expedited trial. Also industry specific bodies like NASSCOM(National Association of Software And Service Company) –BSA (Business Service Alliance) for

²¹ Section 63 A of the Copyright Act, 1957

²² Section 64 of the Copyright Act, 1957

²³ Indian Customs Act, 1962



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Software Piracy, IPRS (Indian Performing Rights Society) /PPL (Phonographic Performance Limited) for Sound Recording/ Performance Piracy have been set up to fight various forms of piracy as mentioned above.

In Tamil Nadu, the *Tamil Nadu Prevention of Dangerous Activities of Bootleggers, Drug-offenders, Forest-offenders, Goondas, Immoral Traffic Offenders and Slum-grabbers Act, 1982*, commonly referred to as the *Goondas Act* has been brought into force to curb the crimes committed by Bootleggers, Drug-offenders, Forest-offenders, Goondas, Immoral Traffic Offenders (which now includes Video Piracy as well) and Slum-grabbers . *Goondas Act*, as listed in the Indian Penal Code's chapters, includes 'offences against the human body', 'offences against property' and 'criminal intimidation, insult and annoyance.'

Under the provisions of the *Goondas Act*, a person held liable for any of the above mentioned offences will not be able to come out on bail for a year. The Film Federation of India (FFI), an apex body of the film industry in India, has urged Chief Ministers of all the States to tackle video piracy under the *Goondas Act*.²⁴ The same is implemented in Tamil Nadu and Karnataka. It is observed that the existing criminal laws are inadequate to thwart the menace of video piracy. Hence *Goondas Act* is implemented to curb video piracy.

Intellectual Property (IP) reflects the idea that its subject matter is the product of the mind or the intellect. Excess efforts are put in for the same. Thus it is the Intellectual Property holder's sole right to protect his property against those who attempt to misuse the property.

²⁴ <http://www.hinduonnet.com/2005/02/15/stories/2005021507870500.htm> as accessed on 16th May 2009 at 11:48 hrs.



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