



## REDRESSAL AND ENFORCEMENT MECHANISMS UNDER INTELLECTUAL PROPERTY LAWS

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### ABSTRACT

This paper aims to give to the readers, an overview of the mechanisms to provide remedies under the Intellectual Property Law. There are certain remedies under this law which are common to the infringement of different intellectual property rights, but they are not exactly similar in their applicability. So, this paper also highlights the differences between the remedies available for different types of intellectual properties. Further, while the remedies are set out in legislation, we seek to interpret and substantiate them through various case laws.

Also, a need is felt to understand as to how ADR is evolving as a redressal mechanism to cater to the intellectual property regime.

### 1. GENERAL

Globalization and opening the doors of economy, i.e. Liberalisation has consequently resulted in making 'intellectual property' to be the key driver of wealth in the scenario of international trade.

The Intellectual property regime is evolving, and people are becoming aware of their rights. As a result, there is an increase in IP disputes. Even though the words of law provide for the means to achieve 'enforcement of rights' of the IP owner, but when it comes to actually giving effect to

those words of law, serving substantial justice with the application of caution is a great challenge for the Courts or the authorities concerned. Since enforcement is rightly provided in the substantive legislation, there arises a need for an effective redressal mechanism

IPRs have already become very prominent in the arena of understanding the "legal horizons" of India, in accordance with differing "IP" policies, both being in terms of judicial interpretations and pronouncements and in terms of the Specific Statutes of our country. The intellectual property protection gives 'exclusive rights' to the intellectual property owner against the world at large to use his own ideas or other intangible products of intellect.

India is a signatory to TRIPS Agreement and also happens to be a Common Law country, so it does not only follow codified law, by incorporating the principles of the TRIPS Agreement by modifying them according to its own circumstances, but also follows the common law principles which are not codified. So, the remedies against violation of IPRs in India is not just *infringement*, but also includes *passing-off* action.

The remedies to infringement of IPR are further sub-divided in different categories, which are enlisted herein:

#### *Civil Remedies*

- Injunction
- Damages
- Account of Profits
- Additional Damages
- Preliminary Remedies (Interim Injunction)
- Search Order

#### *Criminal Remedies:*



- Imprisonment
- Fine
- Penalties

Apart from the above-stated redressal mechanisms, there is another mechanism also which is even though not followed in India, but is followed in few other countries, and that redressal mechanism called the “Law of Breach of Confidence”.

One thing to be kept in mind before using these mechanisms is that, they are to be used as ‘Armour’, not as ‘Sword’. Consider a scenario where the remedy is used as a Sword- A Patent owner accuses or alleges that the act of the retailer or proprietor is resulting in an infringement of the right of the IP owner. Won’t this amount to injustice being caused to the defendant? In this case, the remedy to the IP owner shall be granted very cautiously, considering all the relevant factors, as unnecessary and arbitrary use of these remedies may amount to more injustice than justice, thereby defeating the whole purpose for which they are provided by law.

## 1.1 INTELLECTUAL PROPERTY OWNERS’ ARMOURS AGAINST INFRINGEMENT

The in-depth study of the law of intellectual properties proposes that there exist similarities and differences between various rights. These rights are not mutually exclusive, but two or more right can co-exist in relation to a certain thing. These rights provide monopoly to the owner and hence, there arise legal concerns w.r.t. rights coupled with creativity, reputation or goodwill. The subject-matter, hence, becomes very wide.

The Law acts as a deterrent to the person *vis-à-vis* the community, from copying or taking unfair advantage of their work or reputation or commercially exploiting the goodwill. Therefore, there are certain armours available against the above-stated acts, the civil which are discussed as follows:

### 1.2 CIVIL REMEDIES

#### 1.2.1. INJUNCTIONS

“A Court order commanding or preventing an action. To get an injunction, the complainant must show that there is *no plain, adequate, and complete remedy at law* and that an *irreparable injury* will result unless the relief is granted.”<sup>1</sup>

Injunction is a remedy available to the IP owner against both possible and actual infringement of his IPR. The remedy against the former is in the nature of an Interim/temporary pre-trial injunction and for the latter, it is a permanent/mandatory post-trial injunction.

This remedy is usually sought against future infringement of IP rights. It is Court’s or the granting authority’s discretion to allow/disallow the grant of an injunction.

#### *Limitation of this Remedy*

Seeking this remedy might fall short of effectiveness, *for instance*, where a trade secret comes to the knowledge of the public, it becomes free for the public to make use of such information. Therefore, against a breach of confidence a limited injunction may be available to the wrongdoer.

*The framing of the scope* of an injunction may at times be difficult for the authorities and any error in such framing may result in gross

<sup>1</sup>Black’s Law Dictionary 855 (9<sup>th</sup> ed. 2009)



injustice to the defendant. So an order of injunction and its scope must be clear in its terms and must not be of such a nature which restrains the defendant from exercising his right to do what he may legally do, Rather, injunction shall merely prevent the defendant from doing what he is not legally authorised to do and what he is not doing legally, thereby infringing the rights of the IP owner. The scope so framed must also not be vague and ambiguous<sup>2</sup>

A plaintiff is expected to show a “strong Prima facie case” at trial to obtain an interim injunction. Another major essential is the requirement to show Balance of Convenience. It becomes incumbent upon the defendant to specify the extent of business risk he is likely to face, upon the grant of an injunction. Though as a matter of fact, the principles do not make it mandatory for the court to consider the merits of the case. The basic condition that remains to be satisfied is that the defendant has an arguable case<sup>3</sup>.

#### *Purpose of Injunction*

“The power given to courts to issue injunctions in order to make illegal practices cease is, by all accounts, a fundamental right of any legally-established sovereign state. International conventions, as well as several European Regulations and harmonisation Directives, which pre-date the IPRED, had already compelled the Member States, in most areas of IP law, to empower their national courts to issue injunctions against counterfeiters. The overriding purpose of injunctive relief is to ensure that IPR

infringements cease as soon as possible. However, necessary guarantees must be in place to safeguard the rights of defence of all parties. Under applicable international agreements and under the express terms of the IPRED itself, there must be an easy, effective and cost-efficient means open to rights-owners to ensure that the protection of their legitimate rights is respected. It is not sufficient for legislation to state that the rights-owner has this right: it has to be de facto effective and enforceable quickly. To be able to enforce his rights, the rights-owner should not have to spend an unaffordable amount of money. Nor should he be forced to post an excessive security deposit with the court. Where required, the posting of a security deposit should not be unreasonably complicated or burdensome, as this would also deter the rights-owner (in particular a foreign-based right-owner) from taking action on an expedited basis against IP infringements.”<sup>4</sup>



SUPREMO  
Copyright Law  
AMICUS

Under the Copyright Law, the nature of proceedings which can be initiated against the alleged infringer can be both civil and criminal. Injunction forms part of the former. The law authorises the courts to pass an order granting the interim or final injunction against the copyright work, on reasonable conditions being imposed. Interestingly, the defendant also has the right to question the validity of plaintiff’s copyright basing the same on a “originality requirement” or taking the defence of “fair use”.

<sup>2</sup> Bainbridge David I., *Intellectual Property*, 916 (9<sup>th</sup> ed. 2015)

<sup>3</sup> *American Cynamide Co V. Ethicon Ltd* [1975] 1 All ER 504

<sup>4</sup> Injunctions in Intellectual Property Rights <https://euipo.europa.eu/ohimportal/documents/11370/80606/Injunctions+in+Intellectual+Property+rights> (Last visited on 04/09/2019)



*Trade Mark*

Injunction is an important relief granted to the IP owner in Trademark infringement cases. The rationale for the same being that, it is affecting the Public at large due to the fact the consumers are deceived by the wrongful use of the trademark by the defendant which appears to be confusingly similar to that of the Plaintiff’s mark. Hence to prevent this confusion amongst the public an order of injunction by the court becomes extremely important.

*Patents*

The rationale of protecting the patented invention is to promote research and innovation, giving the patent owner an exclusive to the owner of his invention for a “certain time”. Since it becomes difficult to quantify the damages, a plaintiff is expected to show a “strong Prima facie case” at trial to obtain an interim injunction along with a proof of irreparable hardship and balance of convenience.<sup>5</sup> On the contrary, where there is a question of grant of injunction, the public interest outweighs the above requirements as in the “realm of life saving drugs.”

*Geographical Indications*

In the way as Trademark require “speciality”<sup>6</sup> and “territoriality”<sup>7</sup> to be present, GI is

<sup>5</sup> Mareva injunction is said to be granted either under Order 38 Rule 5 and 6 or under Order 39 Rule 1 of the CPC,1908

<sup>6</sup> *Speciality* here means that the IP is only given protection limited to the nature and kind of products on which it is actually used.

<sup>7</sup> *Territoriality* means that the IP is given protection only limited to a particular territory and is subject to

subject to same principles. The primary objective for which the GI is granted is to protect the interests of ‘a community’. In order to claim the Injunction, the registered proprietor/authorized user must establish that his IP is a validly registered GI and must also prove infringement. The same exception of ‘public interest dimension’ applies here too.

*Designs*

The protection is available only in case of designs which are registered. The rationale behind the protection given is to provide a safeguard to the visual appeal and aesthetics of design without granting a monopoly to the IP owner w.r.t shape, configurations etc. an injunction may be granted if the same is “registered” and is “used unauthorizably” be the defendant. The defence available against design piracy action is to question its validity on the grounds of- a prior publication<sup>8</sup> and functional value.

In a case<sup>9</sup>, the Hon’ble Delhi High Court expounded the key points of difference between an action of passing off and infringement action as follows:

<b>PASSING OFF ACTION</b>	<b>INFRINGEMENT ACTION</b>
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rules and regulations specifically applicable in that particular territory.

<sup>8</sup> Ritika Pvt. Ltd. Vs. Biba Apparels Pvt. Ltd. MANU/DE/0784/2016; Microfibers Inc v. Girdhar and co. MANU/DE/8193/2006

<sup>9</sup> Cadbury India Limited and Ors. v. Neeraj Food Products 142 (2007) DLT 724



<p>“It’s a Common-law remedy”</p>	<p>“It’s a Statutory Remedy”</p>		<p>of the trademark. The liability of the defendant for such infringement may be absolute”</p>
<p>“Is an action of ‘Deceit’, as the person accused of passing off is alleged to have been using the goods of oneself and portrays the same to be the goods of another”</p>	<p>“Here the Plaintiff being the ‘registered proprietor’, claims himself to be the exclusive right-owner w.r.t. the disputed goods”</p>	<p>The Hon’ble Supreme Court of India is of the opinion that infringement action is narrower in scope than a Passing Off action; the reason for the same being that the latter works on a general principle i.e. “<i>No person is entitled to represent his or her business as business of the other person</i>”<sup>10</sup>.</p>	
<p>“No requirement of ‘use’ is there in this action”</p>	<p>“The use by the defendant of the IP of the plaintiff may be a pre-requisite herein”</p>	<p><b>1.2.2. DAMAGES</b> According to Black’ Law Dictionary:</p>	
<p>“In the case of passing off, the defendant may escape liability if he can show that the added material is sufficient to distinguish his goods from those of the plaintiff”</p>	<p>“If the essential features of the trademark of the plaintiff have been adopted by the defendant, the fact that the getup, packing and other writing or marks on goods or on the packets in which the defendant offers his goods for sale show marked differences or indicate clearly a trade origin different from that of a registered proprietor of the mark, would be immaterial for the case of infringement</p>	<p>“<i>Damages refer to the Money claimed by, or ordered to be paid to, a person as compensation for loss or injury</i>”<sup>11</sup>.</p> <p>The assessment and calculation of damages is done mainly with the object of placing the plaintiff in the same position where he would have been, had there been no infringement of his IPR. This sets the basis for grant of damages. For instance, in case of patent infringement where the license has been granted to others for exploitation of the invention, the calculation of damages would be on the basis of royalties the defendant would have paid, had he acted legally. In the “<i>Fererro Rocher v. Ruchi International</i>”<sup>12</sup>, staggering damages of Rs. 10,00,000/- were awarded to the claimant wherein, the claim was over the use of ‘trade dress’ and not ‘registered trademark’. The acts of the defendant in adopting and using</p>	

<sup>10</sup> S. Syed Mohideen v. P. Sulochana Bai MANU/SC/0576/2015

<sup>11</sup> *Black’s Law Dictionary 416 (8<sup>th</sup> ed. 2009)*

<sup>12</sup> MANU/DE/1265/2018



the identical/deceptively similarly impugned marks and dress in respect of identical goods has caused and will continue to cause irreparable damage and loss, further, *the impugned mark which forms a part of their trading name*, infringes the claimant's right under S.29(5) of the Trademarks Act. Claimants were entitled to damages owing to the immense loss of goodwill and reputation.

### ***Additional Damages***

“In case of possibility for infringement of copyright, related rights and UK

unregistered design rights, additional damages can be granted. It is

because the justice of the case so requires, and the court should take into

account all circumstances and benefits accrued to defendant.”

### ***1.2.3. ACCOUNT OF PROFITS***

Account of profits acts as a remedy alternative to damages and it is upon the claimant to elect. This remedy is also available against equitable action of breach of confidence and also as a common law tort of passing off.

The rationale is to prevent unjust enrichment by defendant. In actual practice, both remedy of awarding damages and accounts should be considered to be alternatives. In appropriate cases like copyright, related rights and UK unregistered design rights, there can be only a claim of ordinary damages and not an account of profits.

### **1.3. CRIMINAL REMEDIES**

Deterrence has a ripple effect, which is more effective when done by means other than carrying out civil litigations. It works even in the sphere of IPRs and provisions to give effect to the same have also been incorporated in the statutory provisions.

#### *Copyright*

**Section 63<sup>13</sup> of the Copyright Act deals with Offences of infringement of copyright or other rights conferred by the Act and provides for:**

- An *Imprisonment* for a term of minimum six months and maximum of 3 years
- Plus, *Fine* of minimum fifty thousand rupees and maximum two lakh rupees.

The above-stated term of imprisonment and fine *can be enhanced* under the provisions

<sup>13</sup> Copyright Act, 1957



of **Section 63A**<sup>14</sup> of the Copyright Act, 1957.<sup>15</sup>

The Supreme Court observed that “*Nobody has a right to represent his goods as the goods of somebody*”<sup>16</sup>. Lord Diplock formulated a 5-elements test<sup>17</sup> to determine the tort of passing off, which has already been discussed above.

**Section 64 of the Copyright Act** further provides for the powers of police to conduct search and seizure.

#### Trademark

Section 115 of the Trademarks Act, 1999 provides the police the power of search and seizure, subject to the condition that the opinion of the Registrar of Trade Marks, w.r.t. the similarity in between the ‘original mark’ and the ‘infringing mark’ is important before conduct such search and seizure<sup>18</sup>.

#### Design

*Piracy of a design means the application of a design or its imitation to any article belonging to*

*class of articles in which the design has been registered for the purpose of sale or importation of such articles without the written consent of the registered proprietor.*

Note-“Publishing such articles or exposing terms for sale with knowledge of the unauthorized application of the design to them also involves piracy of the design.”

If anyone violates/infringes the copyright in a registered design, he shall be faced with the liability:

- To pay a maximum sum Rs. 25,000/- to the registered proprietor, subject to a maximum sum of Rs. 50,000/- recoverable as contract debt in respect of anyone design.

The proprietor of the registered IP, can file a “suit for the recovery of the damages” in case of contravention/violation and for “injunction against repetition” of the same.

Total damages which he shall be able to shall not exceed Rs. 50,000/- as contract debt as stated in Section 22(2)(a).

<sup>14</sup> **63A. Enhanced penalty on second and subsequent convictions-**

(1)Whoever having already been convicted of an offence under section 63 is again convicted of any such offence shall be punishable for the second and for every subsequent offence, with imprisonment for a term which shall not be less than one year but which may extend to three years and with fine which shall not be less than one lakh rupees but which may extend to two lakhs rupees:

Provided that [where the infringement has not been made for gain in the course of trade or business] the court may, for adequate and special reasons to be mentioned in the judgment, impose a sentence of imprisonment for a term of less than one year or a fine of less than one lakh rupees: Provided further that for the purposes of this section, no cognizance shall be

taken of any conviction made before the commencement of the Copyright (Amendment) Act, 1984 (65 of 1984).

<sup>15</sup> IPR & Criminal Remedies in India: Civil vs. Criminal Remedy In IPR: Search, Seizure & Raids By Police

<http://www.mondaq.com/india/x/444510/Trademark/IPR+Criminal+Remedies+In+India+Civil+vs+Criminal+Remedy+In+IPR+Search+Seizure+Raids+By+Police> (Last visited on 07/09/2019)

<sup>16</sup> *Cadila Healthcare Ltd. v. Cadila Pharmaceutical Ltd.* 2001 (21) PTC 541 SC

<sup>17</sup> **Erwen Warnink BV v. J.Townend & Sons [1971] AC 731**

<sup>18</sup> *Proviso to S. 115(4), Trademarks Act, 1999*

*Patent*

**Section 108(2)** states that:

The court may 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.<sup>19</sup>

**1.4. PASSING OFF**

Passing off is a tortious remedy available to the infringement cases in the IP Laws. The underlying idea behind making passing off a remedy available under the IP regime was well interpreted by Lord Langdale MR as:

“A man is not to sell his own goods under the pretence that they are the goods of another trader”<sup>20</sup>

An action of passing off essentially requires the element of ‘misrepresentation’ which may either be express or implied. The law restrains one trader from passing off the goods belonging to him and misrepresenting the same to be the goods of another trader. So, it covers not the ‘origin’ of the goods but the ‘quality’.

Lord Diplock very succinctly adumbrated the essential ingredients of passing off action by deriving inspiration from the case of *Spalding & Bros. v, AW Gamage Ltd.*<sup>21</sup>. these essentials so enumerated by his lordship are enlisted as follows:

- “Misrepresentation;

- Made by a trader in the course of trade;
- To prospective customers of his ultimate consumers of goods or services supplied by him;
- Which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and
- Which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quia timet action*) will probably do so”.

The list given by Lord Diplock was modified in subsequent cases by various judges and was later reduced to mainly three elements, stated and enlisted by Nourse LJ in a case<sup>22</sup> before him as follows:

- “The goodwill of the Claimant
- The Misrepresentation made by the defendant; and
- Consequential damage”

Since passing off is a tortious remedy, fraudulent or malicious motive and intention are not necessary to be proven, thence, passing off may be granted, even when the infringement is not intentional or is ‘innocent’<sup>23</sup>.

The Supreme Court of India observed:

*“The principle of similarity could not to be very rigidly applied and that if it could be prima facie shown that there was a dishonest intention on the part of the defendant in passing off goods, an injunction should ordinarily*

<sup>19</sup> The Patents Act, 1970

<sup>20</sup> *Perry V. Truefitt (1842) 49 ER 749*

<sup>21</sup> *(1915) 84 LJ Ch 449*

<sup>22</sup> *Consorzio de Prosciutto di Parma v. Marks and Spencer plc., [1991] RPC 351*

<sup>23</sup> *Croft v. Day (1873) 7 Beav*



*follow and the mere delay in bringing the matter to Court was not a ground to defeat the case of the plaintiff<sup>24</sup>”.*

### CONCLUSION

The authors have observed that there are different mechanisms to provide redressal to the IP owners in case they face any kind of infringement with respect to their intellectual property. Law is ever changing and it adapts itself to the changing circumstances and the needs of the society. It is required that the law should keep pace with these changing facets so that it does not end up becoming old, stale and unsuitable to the fast changing or a progressive society.

The ever changing circumstances in the legal field have made the society realise that it is not always necessary to take out swords and indulge into unnecessary and long stretched legal fights, when it is possible to settle disputes amicably and without promoting discord in the society. The authors do not propose complete abandonment of the above stated statutory procedures and remedies in the forms of civil and criminal actions, rather they believe that where ever necessary or suitable, as the case may be, scope must be there to settle the disputed via alternative dispute mechanisms as they embody within its veil, the several distinct means of resolving a dispute, apart from the ones provided by the regular modes of litigation. ADR mechanisms like those of Conciliation, Mediation, etc. are few of those models which have proven to be effective substitutes for the conventional court litigations.

There is an Act in India which specifically deals with 2 key forms of ADR's i.e. "Arbitration and Conciliation Act, 1996".

The benefits of resorting to ADR mechanisms against the traditional court-based proceedings, are: speedy resolution of disputes, clandestineness, worthwhile and cost-effective, less formal, etc.

Thence, the Need of the hour demands that the ADR modes shall be introduced even in resolving disputes in IP related matters. This is important because an IP owner has a vested interest in his Intellectual property and that right will remain just rhetoric in nature if the same is not adequately protected. Since, ADR mechanisms are "less time-consuming", and flexible, it ensures that the IP owner does not have to face undue vexation and be able to resolve complex disputes in no time at all. It also aims to settle disputes amicably between the parties, without leaving the imprint of bitter memories in their minds.

ADR Models have already proven to be successful in various fields, especially depicting a marked growth and progress in the sector of commercial dealings and transactions. This road to ADR is expanding and is on the verge of taking over the traditional court litigation mechanisms. This highlights very strongly, as to the amount of weight carried by the alternative dispute settlement mechanisms and also as to how it is going to benefit the resolution of disputes in the realm of Intellectual Property law.

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<sup>24</sup> **Corn Products Refining Co. v. Shangrila Food Products Ltd. AIR 1960 SC 142**