
India's opposition gridlock

Opposition backlogs have reached alarming levels in India. The Intellectual Property Office's new controller general claims to be taking steps to rectify the problem, but recent cases show that rules designed to curb unnecessary delays are being abused

Following the liberalization of its economy, and with a view to attracting foreign investment, India set out to overhaul its trademark laws to increase protection and reduce delays. The Trade and Merchandise Marks Act 1958 was repealed and the Trademarks Act 1999 introduced in September 2003. The new act brought about several prominent changes, including the introduction of provisions relating to the protection and enforcement of service marks, and the constitution of an Intellectual Property Appellate Board. Similarly, the Trade and Merchandise Marks Rules 1959 were repealed and replaced by the Trademarks Rules 2002. The new rules introduced important amendments aimed at curbing unnecessary delays/time-lags and streamlining trademark proceedings. Most significantly, they prescribed strict timelines for the completion of proceedings before the Trademarks Registry.

These changes were widely welcomed by both brand owners and trademark practitioners. However, an analysis of the time that the registry takes to dispose of opposition cases suggests that these changes are merely words on the page and that the registry has not earnestly embraced them. There is a huge backlog of pending cases. Although this is partially a result of increasing numbers of applications, the bottom line is that it takes between two and four years for the registry to decide an opposition matter. This has been a cause of great concern for brand owners and practitioners.

With the aid of an illustrative decision, this article attempts to examine the registry's approach in dealing with delay tactics adopted by parties in opposition proceedings. Further, it analyzes how the registry's inconsistent exercise of its discretionary power is making the timelines ineffective and adding to the delay in opposition proceedings.

Discretionary power

Trademark opposition proceedings are conducted before the registry in accordance with the procedure set out in the corresponding rules. To ensure the smooth flow and disposal of trademark matters, the rules establish strict timelines for the

completion of opposition proceedings, some of the timelines prescribed by the rules for opposition procedures are set out in the table on page 37.

As a caretaker of the rules, the registry is required to adhere to, and implement, the stipulated deadlines to the maximum extent possible.

However, the Trademarks Act and Rules arm the registry with discretionary power to deviate from the normal procedure and condone delays in exceptional circumstances. The rationale behind conferring this discretionary power upon the registry was to ensure that the strict implementation of the provisions does not result in a miscarriage of justice. In other words, due allowance has been made for the registry to be flexible and to condone delays in genuine cases, so as to ensure that neither the rights of the individual nor the public interest is prejudiced.

Needless to say, the registry is required to exercise this discretionary power judiciously and condone delays only in rare circumstances: where it is proved that the delay was unavoidable, and that it was not incurred unjustly or in bad faith. Thus, the registry is required to exercise its discretion carefully and in a manner which:

- harmoniously balances the rights of all parties concerned;
- ensures that public interest is not prejudiced; and
- ensures that there are no unnecessary delays overall in the proceedings.

In view of the registry's tremendous workload, achieving this balance can prove both daunting and challenging. However, the key to the registry's success in curbing delay lies in its ability to strike this delicate balance frequently and consistently. Failure to do so will lead to an increase in the already extensive backlog of pending matters.

Illustrative case

The facts and circumstances involved in a recent opposition matter (Opposition CAL-207378 to Application 1308176 in Class 42 for the mark JOOST) demonstrate how the registry's incorrect application of its discretion to condone delay is setting an unfortunate precedent and adding to the backlog of opposition cases.

In 2004 Boost Juice Holdings filed an application for registration of the mark JOOST in relation to food and drink-related services in Class 42 of the Nice Classification. The application was opposed by GlaxoSmithKline Consumer Healthcare Limited (GSK) on the basis of its mark BOOST, which is registered in Classes 5, 29 and 30 in relation to food and drink-related products. GSK filed its



The Indian registry's plans to alleviate the opposition gridlock seem to have stalled

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evidence in support of opposition, but Boost Juice did not file its evidence on time. Moreover, Boost Juice did not even request an extension of the filing deadline. It finally filed its evidence, along with an interlocutory petition, five months after the deadline. Despite the unwarranted delay, the registry decided the interlocutory petition in Boost Juice's favour and allowed evidence to be taken on record.

GSK then filed its reply evidence and the registry set the matter down for a hearing on the merits and final disposal on March 4 2008. However, at Boost Juice's request the registry continuously adjourned the matter for almost a year.

Further, Boost Juice filed yet another interlocutory petition and accompanying affidavit, seeking leave to file additional evidence. The additional evidence comprised sales and promotional figures related to products bearing the JOOST mark for the year 2007. GSK objected to the petition, contending that the additional evidence ought to be rejected – especially considering that Boost Juice had not offered any explanation for the 20-month delay. GSK further contended that the evidence was not, in any event, material as it related to a period that was not relevant to a determination of the rights of the parties in the opposition proceedings. The petition was set down by the registry for a hearing on January 21 2009.

Decision

After reviewing the submissions made by both parties, the hearing officer recorded the following observations in his decision:

- “On a cursory glance at the evidence sought to be introduced, it is seen that evidence sought to be admitted mainly relates to the sales and promotion figures set out in the instant petition as well as in the affidavit under Rule 53... [the evidence is] mainly for the year 2007 and this could have been filed at the stage of Rule 51 of the Trademarks Rules 2002”;
- “In any case, I feel that the delay in filing the evidence long after due date is rather extraordinary and not explained by the applicants. One cannot help feeling whether it was deliberate as alleged by the opponents”; and
- “It is clear from these proceedings that there is a delay of about 20 months from the last date of filing evidence in support of application. Whatever be the reason, there is clearly a lapse on the part of the applicants in complying with the provisions of rules mentioned above”.

Despite these observations, the hearing officer proceeded to accept Boost Juice's further evidence and decided the petition in its favour. Not only did the hearing officer condone Boost Juice's 20-month filing delay (which he acknowledged may have been both deliberate and unnecessary), he also did not impose any cost penalty on Boost Juice.

Analysis

In view of the facts and observations set out above, one cannot help but wonder whether the registry, in taking a liberal view of the exercise of its discretion, has allowed the process of law to be abused.

It is both understood and granted that the registry ought to condone delays which occur with just cause and where refusal may gravely prejudice a party's rights. However, decisions like the one referred to above convey a message to IP owners and the public that the Trademarks Registry is willing:

- to condone delays of any nature (even delays that are unjustified and even perhaps deliberate); and
- to allow matters to be protracted incessantly.

This, of course, is patently contrary to Parliament's rationale for incorporating the amendments into the Trademarks Act and Rules. Moreover, it is also contrary to the practice and procedures prescribed in the registry's own manual which is published on its official website (www.patentoffice.nic.in). The manual (though still in the draft stage at the time of writing) clearly states that “interlocutory petitions cannot be used as a tool for extending limitations”. It is therefore little wonder that IP owners worry that both the letter and the spirit of the new act and rules are being abused.

Statistics

What is even more alarming is that the *BOOST Case* is merely one of the several thousand opposition matters pending before the registry. Some of these cases remain pending for years on end after the parties have expressly requested withdrawal of their application/opposition, merely because the registry has not acted upon the parties' request. Other cases remain pending after the parties have filed their evidence, because the registry has not

Timelines for opposition procedure under the Trademarks Act and Rules

Opposition procedures	Prescribed timeline
Filing of notice of opposition (Section 21(1), Rule 47(1))	Three months from publication of the application in the <i>Trademarks Journal</i> . Extendible by a further period of one month on request
Filing of counter-statement (Section 21(2), Rule 49)	Two months from service of the notice of opposition upon the applicant. Deadline is non-extendible
Filing of evidence in support of opposition (Rule 50)	Two months from service of the counter-statement upon the opponent. Extendible by a further period of one month on request
Filing of evidence in support of application (Rule 51)	Two months from service of the evidence in support of opposition upon the applicant. Extendible by a further period of one month on request
Filing of evidence in reply (Rule 52)	One month from service of the evidence in support of application upon the opponent. Extendible by a further period of one month on request
Filing further evidence (Rule 53)	At any stage of the proceedings, on specific request by the applicant/opponent and subject to the registrar's discretion
Appointment of hearing on merits by registrar (Rule 56)	Ordinarily within three months of completion of the evidence stage

appointed a final hearing on merits and disposed of the matters. Equally perplexing is the category of pending cases in which parties have lost interest in their mark and have failed to prosecute their application by filing a counter-statement in the opposition proceedings. In such cases, the registry is liable automatically to consider the application as abandoned and dismiss the opposition in the opponent's favour. However, a plethora of such cases are pending with the registry. Together, these various cases add to the enormous backlog simply on account of inaction or negligence. In this regard, it is pertinent to examine some recent data on the registry's performance. This information is routinely collated and published in the form of annual reports on the registry's official website.

The most recent statistics available on oppositions, rectifications and appeals are for the period 2006 to 2007:

- 18,050 notices of opposition and 407 rectification petitions were filed;
- 3,329 hearings were posted in respect of opposition, rectification and interlocutory petitions; only 2,327 of these were finally disposed of; and
- 161 appeals against orders of the registrar/hearing officers were filed; only 19 of these were finally disposed of.

This data gives a clear indication of the backlog built up over the course of a single year and indicates how the cumulative backlog for the past five years came to be. The registry simply cannot afford to let the backlog grow any further.

Road ahead

The registry needs to take proactive steps to clear its backlog and curb unnecessary delays. The sheer number of pending oppositions also gives some cause for concern as to the quality of the examination of new applications – for example, is it the case that examining officers are being too liberal, accepting similar or identical marks and leaving it to brand owners to battle out the opposition proceedings?

The fact that backlogs and delays have reached alarming levels is evident from a circular issued by the new controller general of patents, designs and trademarks, P H Kurian, calling upon officers from the various offices of the registry to liquidate their backlog by April 1 2009 and warning that any lapses “will be viewed seriously”. Given the sheer enormity of the backlog, it seems this target was unrealistic to achieve.

As at the time of publication, it appears that the registry is still working its way through its backlog. The process seems to have been delayed further by another ambitious project launched by the registry: digitization of the official records at its various offices. IP owners and practitioners are hopeful that this initiative will curb delays in the long run as there will no longer be a need for physical files. However, the registry must now take urgent steps to improve its infrastructure and recruit additional staff. [WTR](#)

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