Feature
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Social media and IP infringement in India: preparing for action

As take-up of social media continues to rise in India, rights holders are enthusiastically exploring this new avenue for promoting brands. However, they should also be aware that social media is yet another platform on which their intellectual property can be infringed

'Social media' refers to forms of electronic communication and means of interaction through which consumers share information, ideas and other content in virtual communities and networks. The evolution of social media can be traced to the 1990s, with the launch of personal home page service Geocities, early social media service SixDegrees.com and Blogger – a portal for posting personal blogs, views and opinions. These were followed in the 2000s by social media giants such as Friendster, Myspace, LinkedIn, Facebook and Twitter. With the growth of social media, almost everyone now has the ability to communicate his or her own message directly to the entire network with minimal time and effort.

With a population of over 1.27 billion and economic growth of about 5%, India is one of the fastest-growing markets in the world. The Telecom Regulatory Authority has estimated the number of internet users in India at 164.81 million as of March 31 2013, with seven out of eight people accessing the Internet from their mobile devices.

According to global digital measurement and analytics firm comScore, India has bypassed Japan to become the world's third largest internet user after China and the United States, and one-quarter of all time spent online is on social media. Evidently, smartphones are fast catching up, with India becoming the third-largest smartphone market (source: independent analysis firm Canalys). The preference for smartphones and tablets over landlines and desktop computers means that web-surfing patterns are continuing to change radically.

The realisation that social media is potentially one of the most effective marketing tools available has triggered a strategic paradigm shift. Brand endorsement contracts are no longer limited to advertisements on television or in print media. Social media presence is increasingly a factor in selecting the right celebrities for such endorsements. With 18 million Twitter followers, Kim Kardashian can earn around £7,000 for a single tweet endorsing a brand. Likewise, an Indian health portal may sign a special endorsement deal with Bollywood's Priyanka Chopra, attracted by her 4.2 million Twitter followers. Such social media contracts are generally effective for companies while costing just one-quarter of a traditional endorsement contract. Meanwhile, Facebook allows fans to post comments, view company profiles and product information and chat with other users. Reputable brands have also set up similar pages on other networking sites to reach out to consumers and understand and redress product, service or quality-related issues.

Even the Indian government has woken up to this reality: it recently established a new media wing in the Ministry of Information and Broadcasting to publicise its initiatives on such platforms, collating and integrating all official information under one umbrella. Efforts to promote public awareness programmes and increase interaction of the population with law enforcement agencies through various portals indicate the importance that the government is placing on social media platforms.

Social media and intellectual property

However, the evolution of social media has thrown up a whole new set of challenges in the IP sphere. One of the biggest is the enforcement of IP laws in the otherwise borderless world of cyberspace. The Trademarks Act 1999 is territorially limited and does not apply outside India. The various facets of online and offline infringement thus require careful examination.

The tools commonly used to combat infringement in the offline world include legal notice, opposition/cancellation and infringement/passing off actions in a court of law. Section 28 of the Trademark Act confers exclusive rights on the registered proprietor of a trademark to use it in relation to the goods or services in respect of which it is registered and to obtain relief in respect of infringement of the trademark. Similarly, as per the Copyright Act 1957, copyright in a work is deemed to be infringed when any person does anything which is the exclusive preserve of the copyright owner without a licence.

However, in the online world, the nature and extent of infringement are totally different. Key issues include fake Twitter or Facebook accounts, AdWords and copyright piracy. These issues push the role and liability of intermediaries such as search engines, web hosts, internet service providers and trade portals into the spotlight. Given the pivotal role played by such intermediaries in the virtual world, it has been imperative to channel and protect their conduct through legislation.

Laws to curb and prevent misuse were enacted proactively. The term 'intermediary' is defined under Section 2(w) of the Information Technology Act, 2000 as "any person who on behalf of another

person receives/stores or transmits electronic record or provides any service thereto and includes internet service providers, web hosting service providers, search engines, online market supplies, network service providers, cybercafés". Section 79(1) exempts intermediaries from liability from any third-party information, data or communication link made available or posted by them. However, this exemption does not apply where intermediaries are involved in any unlawful act or continue to facilitate access despite objections being brought to their attention. The immunity was considerably diluted by Section 81, which provides that the IT Act shall not restrict any person from exercising any right conferred under the Copyright Act or the Patents Act.

The Information Technology (Intermediaries Guidelines) Rules, 2011 set out the due diligence that should be exercised by intermediaries and mandates the publication of rules, regulations, privacy policies and user agreements. They further establish that such rules and regulations must warn users not to host, display, modify, publish, transmit, update or share any information that infringes any patent, trademark, copyright or other proprietary rights. According to the guidelines, intermediaries should disable offending content within 36 hours of being made aware of it.

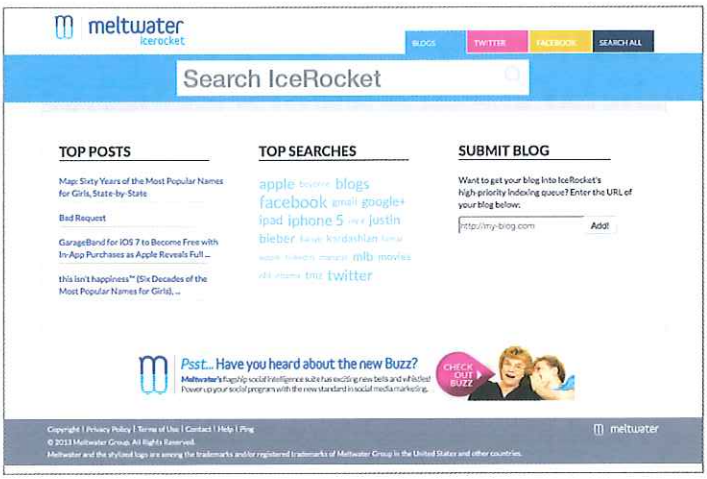
Section 52(1)(c) of the Copyright Act, 2012 (as amended) states that transient or incidental storage of a work or performance for the purpose of providing electronic links, access or integration not expressly prohibited by the rights holder shall not constitute an infringement of copyright, unless the person responsible is aware or has reasonable grounds to believe that an infringing copy is being stored. Upon receiving a complaint, the intermediary shall prevent access for 21 days or until receipt of a court order. If no such court order is provided, the intermediary may allow access after 21 days.

No discussion of the law relating to intermediaries would be complete without briefly examining the interplay between the provisions of the IT Act and the Copyright Act. As discussed above, the IT Act cannot restrict anyone from the recourses available under the Copyright Act. The latest amendments to the latter enable intermediaries to continue providing access to infringing content if no court order is forthcoming within 21 days. Thus, the role and liability of intermediaries insofar as copyright violations are concerned are fairly clear.

The Trademarks Act does not feature in the proviso to Section 81 of the IT Act; nor has there been any amendment to it pertaining to the role of intermediaries in relation to an infringed mark. This means that intermediaries can take advantage of the immunity from liability set out in Section 79 of the IT Act. Since there is no amendment equivalent to Section 52(1)(c) of the Copyright Act in the Trademarks Act, the IT Guidelines come into play, obliging the intermediary to take down the offending content within 36 hours of notice. Thus, it appears that the takedown in cases of trademark infringement is absolute and without a 21-day window, as in the case of the Copyright Act.

Case law

Although social media has been active for the past decade, there have been few judicial precedents so far. In the borderless world of cyberspace, the first job is to establish jurisdiction. In offline trademark and copyright infringement cases, the choice of court is ordinarily determined on the basis of where the plaintiff resides and carries on its business (Section 134(2) of the Trademarks Act and Section 62(2) of the Copyright Act). Alternatively, a suit can be filed where the defendant resides, runs its business or personally works for gain at the time of commencement of the suit, or where the cause of action wholly or in part arises (Section 20 of the Code of Civil Procedure, 1908).



Websites such as www.icerocket.com, which searches blogs, Twitter, Myspace, news and images, can assist in finding offending uses of brand names owned by rights holders

In *Banyan Tree Holding (P) Limited v A Murali Krishna Reddy* (2010 (42) PTC 361 (DEL)) the plaintiff filed suit for passing off before the Delhi High Court against the defendant's advertising of the objectionable mark/name BANYAN TREE RETREAT on its website www.makprojects.com/banyantree. Interestingly, neither of the parties was located within the high court's jurisdiction. The court held that to establish a cause of action within the court's jurisdiction, the plaintiff must show that the defendant has purposefully taken advantage of the court's jurisdiction by entering into a commercial transaction with an internet user located within the court's jurisdiction, resulting in injury or harm.

The Delhi High Court had a chance to consider the effect of Sections 79 and 81 of the IT Act in *Super Cassettes Industries Ltd (SCIL) v MySpace* (2011 (48) PTC 49 (Del)). In this case, a civil suit for copyright infringement was filed by SCIL – a producer of movies and songs – against MySpace, which sought an injunction to restrain it from illegally disseminating songs and cinematographic works. The court held that: "the combined effect of reading of Section 81 and the proviso is that the provisions of IT Act may override other laws for the time being in force but cannot restrict the rights of owner under the Copyright Act and the Patent Act. In other words, the rights of the owners under the Copyright Act and the Patent Act shall remain unfettered by any of the provisions of IT Act... [and] Section 79 of the IT Act cannot restrict the rights of copyright owner by saving the liability of the Defendants."

Keyword advertising

Another interesting development of relevance to the social media space has been intermediaries seeking shelter under the garb of 'keyword advertising' and regarding their use of objectionable marks as essential for advertising. While focused on search engine keywords rather than social media search terms, the pertinent case is the *Interflora* decision (2013) arising from the UK High Court of Justice Chancery Division.

INTERFLORA was the registered trademark of the plaintiff, Interflora Inc, USA. Marks and Spencer (M&S) and its affiliate, Flowers Direct Online Limited, were the defendants. Both parties operated websites which took orders for the delivery of flowers. Google is the world's most popular website and dominant search engine, with a

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search market share of 91.02% in April 2012. Its principal source of revenue is advertising ($43.7 billion in 2012), popularly known as AdWords. The display of advertisements is triggered when the user enters one or more particular words or keywords into the search engine. Based on keyword bidding, when Google was used to search for 'Interflora' and similar terms, the search giant displayed M&S ads pertaining to flower delivery service on its search engine results page. M&S argued that keyword advertising is not inherently or inevitably objectionable from a trademark perspective. However, the court held that this advertising constituted infringement and had an adverse affect on the INTERFLORA mark's function as a marker of origin.

In fact, well before the *Interflora* judgment, the Madras High Court discussed at length the use of AdWords that are identical or deceptively similar to a registered mark in *Consim Info Pvt Ltd v Google India Pvt Ltd* (2011 (45) PTC 575 (Mad)). The court held that: "it is only in cases where a completely arbitrary or fanciful name, which has no nexus or connection with the nature of the goods or services, is adopted as a trademark, that the offer by a search engine of that trademark in their keyword suggestion tool, to the competitors of the proprietor of the mark, could be considered as amounting to vicarious or contributory infringement."

In *Interflora* M&S argued that keyword advertising promoted competition by virtue of comparative advertising, insofar as consumers searching for the plaintiff's products were provided with an alternative, thereby presenting a comparison. The court did not agree with this defence, since while there is nothing wrong with competitors using each other's trademarks to compare goods or services, such usage should not mislead the public or be tantamount to dilution or disparagement or denigration of a competitor's intellectual property.

This defence is yet to face judicial scrutiny by the Indian courts, but with social media sites becoming more sophisticated in their use of keywords, it is an area to monitor.

Brand protection strategies

From an economic standpoint, since prevention of infringement is less expensive than cure, it is extremely important for companies to lay down a strategy for protecting their brands in the third and dynamic virtual world. Once a decision is made on the commercial use of social networks for brand promotion, it is vital to put a brand enforcement strategy in place. Monitoring major social networks can be the first step towards online brand protection. In addition to in-house monitoring by designated employees, some websites such as www.icerocket.com (which searches blogs, Twitter, Myspace, news and images), Google.com/alerts and www.technorati.com (which searches blogs) can assist in finding offending uses of brand names owned by rights holders. Established independent companies also offer monitoring services and rehabilitation services (for brands dealing with adverse publicity). It is also imperative to include protective clauses in branding policies and licence agreements, so as to curb free-for-all use.

While it is important to have enforcement mechanisms in place, it is equally important that such measures be reasonable and proportionate. For instance, innocent infringement by a misguided fan or loyal customer should be dealt with softly, and not by way of a lawsuit. Given that negative publicity travels through social media rapidly, a measured response is always recommended. That said, instances involving counterfeiting or impersonation must still be dealt with strongly and legal action may be necessary.

Although all three pillars – the executive, legislature and judiciary – are aware of the vagaries posed by the high-speed growth of social media, uncertainty remains as to whether the current IP laws and enforcement techniques can sufficiently address the ever-evolving legal issues pertaining to use of brand names in social networking sites. On the other hand, the laws and guidelines have been the subject of severe criticism in the name of internet freedom. Further, jurisprudence in this arena is yet to evolve globally. WTR

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