

## Legal Issues in ‘Inadvertent Versus Willful Violations of IP’

### Issue: When can Damages be Awarded in Copyright Infringement Suits?

## Introduction

### ❖ What are the types of remedies available under the Copyright Act, 1957?

- Civil remedies include injunction, damages, account of profits, delivery of infringing marks and damages for conversion. In case of innocent infringement, a person is not entitled to any of these remedies other than an injunction or a decree for profit made by the infringing party

### ❖ What are the types of Injunctions?

- Temporary/Interlocutory Injunction (Order 39 Rule 2, Code of Civil Procedure, 1908 and Section 37(1), Specific Relief Act, 1963)
- Permanent/Perpetual Injunction (Section 37(2) and Section 38, Specific Relief Act, 1963)
- Mandatory Injunction (Section 39, Specific Relief Act, 1963)

## Introduction (Contd.)

### ❖ What are the types of damages one can claim under Copyright Act?

- Actual Damages (Damages sustained by the Plaintiff)
- Accounts of Profit

### ❖ What is the threshold for awarding damages?

- Statute is clear on what amounts to willful infringement and what remedy must be granted.
- Provisos, however, allow courts to award damages in addition to granting injunction, in cases of inadvertent infringement, where they may think pecuniary relief is necessary.
- General metrics for granting injunction can be found in *M. Gurudas and Ors. v. Rasaranjan and Ors.*, [AIR 2006 SC 3275], wherein the Supreme Court held that “*while considering an application for injunction, the Court would pass an order thereupon having regard to prima facie, balance of convenience and irreparable injury.*”
- Whether the same metrics apply towards awarding damages and what are the additional metrics (if any) is the scope of this presentation.

## Relevant Legal Provisions

### ❖ Section 51, Copyright Act, 1957 –

*“When copyright infringed.— Copyright in a work shall be deemed to be infringed—*

*(a) when any person, without a license granted by the owner of the copyright or the Registrar of Copyrights under this Act or in contravention of the conditions of a license so granted or of any condition imposed by a competent authority under this Act-*

*(i) does anything, the exclusive right to do which is by this Act conferred upon the owner of the copyright, or*

*(ii) permits for profit any place to be used for the communication of the work to the public where such communication constitutes an infringement of the copyright in the work, unless he was not aware and had no reasonable ground for believing that such communication to the public would be an infringement of copyright; or...” (Emphasis supplied)*

## Relevant Legal Provisions (Contd.)

### ❖ Section 51, Copyright Act, 1957 – (Contd.)

*“...(b) when any person-*

*(i) makes for sale or hire, or sells or lets for hire, or by way of trade displays or offers for sale or hire, or*

*(ii) distributes either for the purpose of trade or to such an extent as to affect prejudicially the owner of the copyright, or*

*(iii) by way of trade exhibits in public, or*

*(iv) imports into India,*

*any infringing copies of the work;*

*[Provided that nothing in sub-clause (iv) shall apply to the import of one copy of any work, for the private and domestic use of the importer.]*

*Explanation- For the purposes of this section, the reproduction of a literary, dramatic, musical or artistic work in the form of a cinematograph film shall be deemed to be an "infringing copy".” (Emphasis supplied)*

## Relevant Legal Provisions (Contd.)

### ❖ Section 55, Copyright Act, 1957 –

*“Civil remedies for infringement of copyright.— (1) Where copyright in any work has been infringed, the owner of the copyright shall, except as otherwise provided by this Act, be entitled to all such remedies by way of injunction, damages, accounts and otherwise as are or may be conferred by law for the infringement of a right:*

*Provided that if the defendant proves that at the date of the infringement he was not aware and had no reasonable ground for believing that copyright subsisted in the work, the plaintiff shall not be entitled to any remedy other than an injunction in respect of the infringement and a decree for the whole or part of the profits made by the defendant by the sale of the infringing copies as the court may in the circumstances deem reasonable.” (Emphasis supplied)*

## Relevant Legal Provisions (Contd.)

### ❖ Section 58, Copyright Act, 1957 –

*“Rights of owner against persons possessing or dealing with infringing copies.— All infringing copies of any work in which copyright subsists, and all plates used or intended to be used for the production of such infringing copies, shall be deemed to be the property of the owner of the copyright, who accordingly may take proceedings for the recovery of possession thereof or in respect of the conversion thereof.*

*Provided that the owner of the copyright shall not be entitled to any remedy in respect of the conversion of any infringing copies, if the opponent proves—*

7 *(a) that he was not aware and had no reasonable ground to believe that copyright subsisted in the work of which such copies are alleged to be infringing copies; or*

*(b) that he had reasonable grounds for believing that such copies or plates do not involve infringement of the copyright in any work.*” (Emphasis supplied)

## Relevant Judicial Decisions

❖ ***R. M. Subbiah & Anr. v. N. Sankaran Nair & Anr.*** [AIR 1979 Mad 56]

*“6. This is a case where literary piracy is pleaded. Injunction being an equitable remedy, which is granted by a court in exercise of its judicial discretion, has to be considered from various facets which arise from a particular set of circumstances in each case. There may be cases in which the grant of an injunction temporary or permanent will only meet the ends of justice and an alternative safeguard for the preservation of the rights of the challenging party cannot at all be thought of. There may be also cases where the remedy of injunction has to be made flexible and adjustable to the situations arising in each case. A rigid invocation without contemplating elasticity in the application of the rule as to the grant of injunction might sometimes result in hardship, which cannot be later cured...”*



## Relevant Judicial Decisions (Contd.)

- ❖ ***K.S. Gita v. Vision Time India Pvt. Ltd. & Ors.* [O.S.A. Nos. 38 to 41 of 2010, Madras High Court, February 16, 2010]**

*“17. ...In the instant case, the plaintiff has to make out a case that she was entitled for damages. Hence it is not a fit or proper case to issue a direction as asked for by the plaintiff. While denying the relief, the learned Single Judge has directed the defendants 1 to 4 to maintain accounts of the said TV serial and also inform to the Court well in advance when they were intending to telecast in some other language so that the plaintiff would be enabled to apply to the Court seeking appropriate reliefs. This Court is unable to notice anything to interfere in the said order.”*

*“18. ...It would suffice, under the stated circumstances, to issue a direction to them to maintain accounts of the TV mega serial Thangam in Tamil which is being screened till the serial is over and file the statement of accounts in respect of the episodes already screened within a period of two weeks herefrom and also in respect of the serials produced in any other language on the basis of the same script, to maintain and file statement of accounts when they are called upon to produce till a decision is taken in the suit on trial.”*

## Relevant Judicial Decisions (Contd.)

❖ *Jwala Prasad Singhal & Anr. v. Ghafur Bakhsh & Sons* [1921 ILR 43 All 412].

*“17. ...The learned District Judge of Agra came to the conclusion that the defendants had slavishly copied almost word for word a large number of pages of the plaintiffs' book. He further found that, as the arrangement was the same as that of the plaintiffs' book and as it was impossible to separate the portions slavishly copied from the other parts of the work, the injunction should apply to the whole book and not to those particular pages only. On the question of damages the court came to the conclusion that the plaintiffs would be entitled to the profits made by the defendants on the sale of these books, inasmuch as the defendants had not offered to deliver any copy printed by them to the plaintiffs, as they had in fact sold them. He, therefore, passed a preliminary decree in favour of the plaintiffs for the taking of accounts and granted the injunction prayed for.”*

## Relevant Judicial Decisions (Contd.)

- ❖ ***Palakurthi Lakshmi Ganapathi Rao & Ors. v. Manisha Video Vision & Ors.* [Appeal Suit No. 714 of 1995, Andhra Pradesh High Court, June 20, 2005]**

*“10. The main contention advanced by the Counsel for the appellant-plaintiff is that when the infringement of copyright had been established and findings had been recorded in relation thereto, damages shall be presumed to have been incurred and on the ground that no acceptable evidence had been placed for the purpose of ascertainment of damages, the relief cannot be negatived.*”

*“11. It is no doubt true that when damages are claimed, it would be always desirable that the party claiming damages should let-in acceptable evidence so as to enable the Court to arrive at a proper conclusion by estimating the damages and fixing the quantum of damages. In the light of the peculiar facts and circumstances, this Court is of the considered opinion that negating the relief of damages in toto, without awarding any damages, whatsoever, on the ground that the same cannot be estimated would not be just and proper and hence, taking the overall facts and circumstances into consideration, this Court is of the considered opinion that in the light of the clear findings recorded by the Trial Court, which had attained finality relating to infringement, appellant-plaintiff is entitled for damages of Rs. 25,000/-.”*”

## Relevant Judicial Decisions (Contd.)

❖ ***Microsoft Corporation v. Ms. K. Mayuri & Ors.* [2007 (35) PTC 415 Del]**

“13. This brings us to the pivotal issue which needs to be addressed now, namely, award of damages. The general rule in this behalf is that the party coming to the court alleging wrong done to it by the defendant has to prove the actual loss suffered as a result of the infringing act of the wrong-doer. Therefore, as per this normal rule for award of damages, the plaintiff is to either prove the extent of loss suffered or, conversely, the advantage gained by the defendant by his wrongful act at the cost of the plaintiff. Thus, in relation to 'economic' torts, the general rule is that the measure of the damages is to be, as far as possible, that sum of money which will put the injured party in the same position as he would have been in if he had not sustained the wrong.”

“...where an infringement of copyright is established, the Court may award additional damages if it is satisfied that it is proper to do so, took into consideration the following factors: a) flagrancy of the infringement; b) any benefit shown to have accrued to the defendant by using of the infringement; and c) all other relevant factors.”

## Relevant Judicial Decisions (Contd.)

❖ ***Microsoft Corporation v. Ms. K. Mayuri & Ors.* [2007 (35) PTC 415 Del] [Contd.]**

*“16. In Microsoft Corporation v. Deepak Raval reported as 2006 VIII AD (Del) 815, I had the occasion to discuss this jurisprudential growth in law in various countries including India. Scrutiny of the judgments of this Court granting damages in such circumstances was also undertaken. Therefore, it is not necessary for me to extensively re-do the same exercise. Instead, it would be apt to reproduce the relevant extracts from the said judgment:*

*19. Reading of the judgments in the aforesaid cases would manifest that the courts have frowned upon the conduct of the defendants "willfully calculated to exploit the advantage of an established mark" and held that in such circumstances, the plaintiff would be entitled to compensation. It was also found that the defendants were enough business savvy to engage in a successful, albeit illegal business venture. Even assuming, arguendo, that they had no knowledge of Microsoft licensing products, knowledge is not an element of copyright infringement. The Courts came heavily upon the defendants where it was found that irrefutable evidence give rise to an influence of the defendants' intentional, knowing and willful infringement.”*

## Relevant Judicial Decisions (Contd.)

### ❖ *Microsoft Corporation v. Ms. K. Mayuri & Ors.* [2007 (35) PTC 415 Del] [Contd.]

14 “17. It hardly needs to be emphasised that the courts in India have started granting punitive as well as compensatory damages. The justification for award of compensatory damages is to make up the loss suffered by the plaintiff and the rationale behind granting punitive damages is to deter the wrong-doer and the like-minded from indulging in such unlawful activities. This is more so when an action has criminal propensity. While awarding punitive damages, the court will take into consideration the conduct of the defendants which has "willfully calculated to exploit the advantage of an established mark" (expression used by the courts in US), which may also be termed as "flagrancy of the defendant's conduct" (the test adopted by the Australian Courts). The English Courts have, adopting the same nature of test, used the test of "dishonest trader", who deals in products knowing that they are counterfeit or "recklessly indifferent" as to whether or not they are.”

# THANK YOU!

## Questions?

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