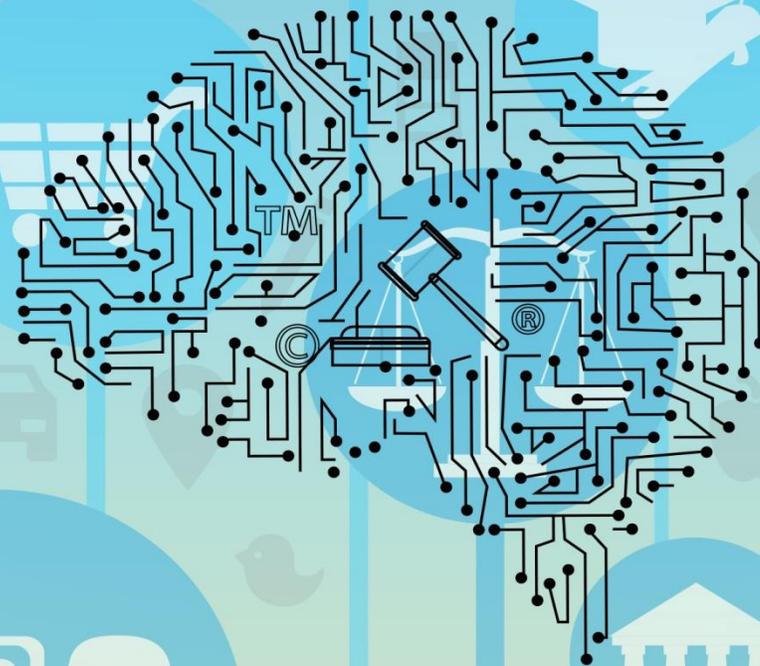




TM



1ST
TECHNOLEGAL
NATIONAL
MOOT COURT
COMPETITION

LET ' S LITIGATE INVENTIONS

"If you torture the data long enough, it will confess"

-Ronald H.Coase

MOOT
PROPOSITION

ntlmccupes@gmail.com

M/S. PALMER TECHNOLOGIES INC

V.

M/S. SIKKA INDUSTRIES AND ANOTHER

M/s. Palmer Technologies Inc., (hereinafter referred to as PT Inc.) is the owner of a software known as CoinIT which allows users to transact in Bitcoins and also the manufacturer of Physical Bitcoin marketed under the name CoinIT.

M/s. PTINC. has a factory located in Belgium and has a fully owned subsidiary Palmer Technologies India Limited, (hereinafter referred to as PTIL) incorporated in Chennai, India. PTIL is authorized by PT Inc. to exploit its Intellectual Property in India. PT. INC., has been granted a patent in the year 2011 being Patent No. 758467 in India for the Physical Bitcoin and in various countries being New Zealand, UK, USA, Russia, Japan and China . One of the relevant claims in the patent No. 758467 is as below:-

“An object comprising: a sealed internal cavity, wherein said sealed internal cavity is only accessible by visibly breaking said object; a private key inside said sealed internal cavity, wherein said private key allows access to and withdrawal of money or crypto currency from an account.”

PTIL has sold a few such Physical Bit coins and the software to some corporate companies in India and across the world. The product was found to be very effective and the users never had any complaints with regard to the functionality and results from the product.

Demand for the Physical Bit coins surged. PTIL was unable to meet the growing demand. PTIL also did not set up a local manufacturing unit.

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M/s. Sikka Industries (hereinafter referred to as SI) established in the year 2009, located in Mysore, India is a software company which provides encrypted software at cheaper rates for online money transfer. Later they decided to move to the manufacturing of Physical Bit coins.

SI approached PT. INC., for license and technical assistance for manufacturing of their patented Physical Bit coin "CoinIT" and of their software in India on 20th July, 2014. The negotiations were done via emails. The following are the relevant excerpts from the email conversation.

Time and Date	Sender / Recipient	Conversation
0:39 am , 20/07/2014	ceo@si.co.in/ ceo@ptil.co.in	"...SI would like to enter into a licensing agreement with PTIL for your patented technology as well as the Software CoinIT. Please quote your requirements."
11:53 am , 20/07/2014	ceo@ptil.co.in / ceo@si.co.in	"...We may grant a non-exclusive license of the patent on the payment of royalty charged @ 25% of profits earned on sale of all products incorporating the patented technology. Software may be licensed on a non-exclusive basis for a onetime payment of ₹ 60,000. Kindly confirm by replying on the email id legal@ptil.co.in . Royalty would be payable at the end of every financial year."
12:39 pm , 20/07/2014	ceo@si.co.in/ ceo@ptil.co.in	"The rates are acceptable to us. Let us proceed"

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But at 12:20 p.m. on the same day, the server hosting the emails of PTIL suffered a technical glitch rendering permanently inaccessible, all emails delivered from 12:20 pm to 1:30 pm on this day to email ids on the domain@ptil.co.in. The said emails were completely lost with no trace of sender details, delivery time or contents. At 1:30 p.m., the functionality of the servers was restored by the IT Department at PTIL. No further conversation took place.

In the second week of January 2015, executives at PTIL received a report that SI was manufacturing and selling physical Bitcoins and software which may be potentially infringing the legal rights owned by PTIL. The CEO directed certain employees to purchase the physical Bitcoins as well as the Software from the SI without disclosing that they represented PTIL and find out whether the same is indeed infringing. The order was carried out and the said employees submitted a report affirming the suspicion of the management. Excerpts from the two reports, one on the patent and another on the software are attached as Annexures I and II respectively.

Immediately thereafter, a Cease and Desist notice was issued by PTIL Inc., authorized in this behalf by PT Inc., to SI for infringing the Patent and Copyright of PTIL and PT Inc. On receipt of the said Cease and Desist notice, SI moved a Groundless Threat Proceeding under Section 106 of the Patent Act., before the Bombay High Court. After hearing the parties the High Court directed PTIL Inc. not to issue any further groundless threats and also directed them to issue one week notice prior to filing of any proposed infringement suit of patent of PTIL.

PTIL in respectful compliance of the orders of Bombay High Court, gave a notice dated 18th October 2015 notified SI. On 25th November 2015 a civil suit was brought in the District court for infringement of patents and infringement of copyrights. Subsequently, in pursuance of the operation of section 104 of the Patents Act, 1970, the matter was transferred to Madras High Court and posted for hearing on 19th Feb 2016.

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The tentative issues identified for the purpose of arguments before the High Court:

- 1) Whether the suit filed by PT Inc. against SI is maintainable?
- 2) Did the email exchange between PTIL and SI lead to forming of a valid contract for licensing of patent and copyright owned by PT Inc.?
- 3) Whether the act of SI in manufacturing and selling Physical Bitcoins amounts to infringement of the Patent No. 758467 in India?
- 4) Whether the software sold by SI infringed any copyright held by PT Inc.?

The parties may choose to add a maximum of two more issues if they deem fit.

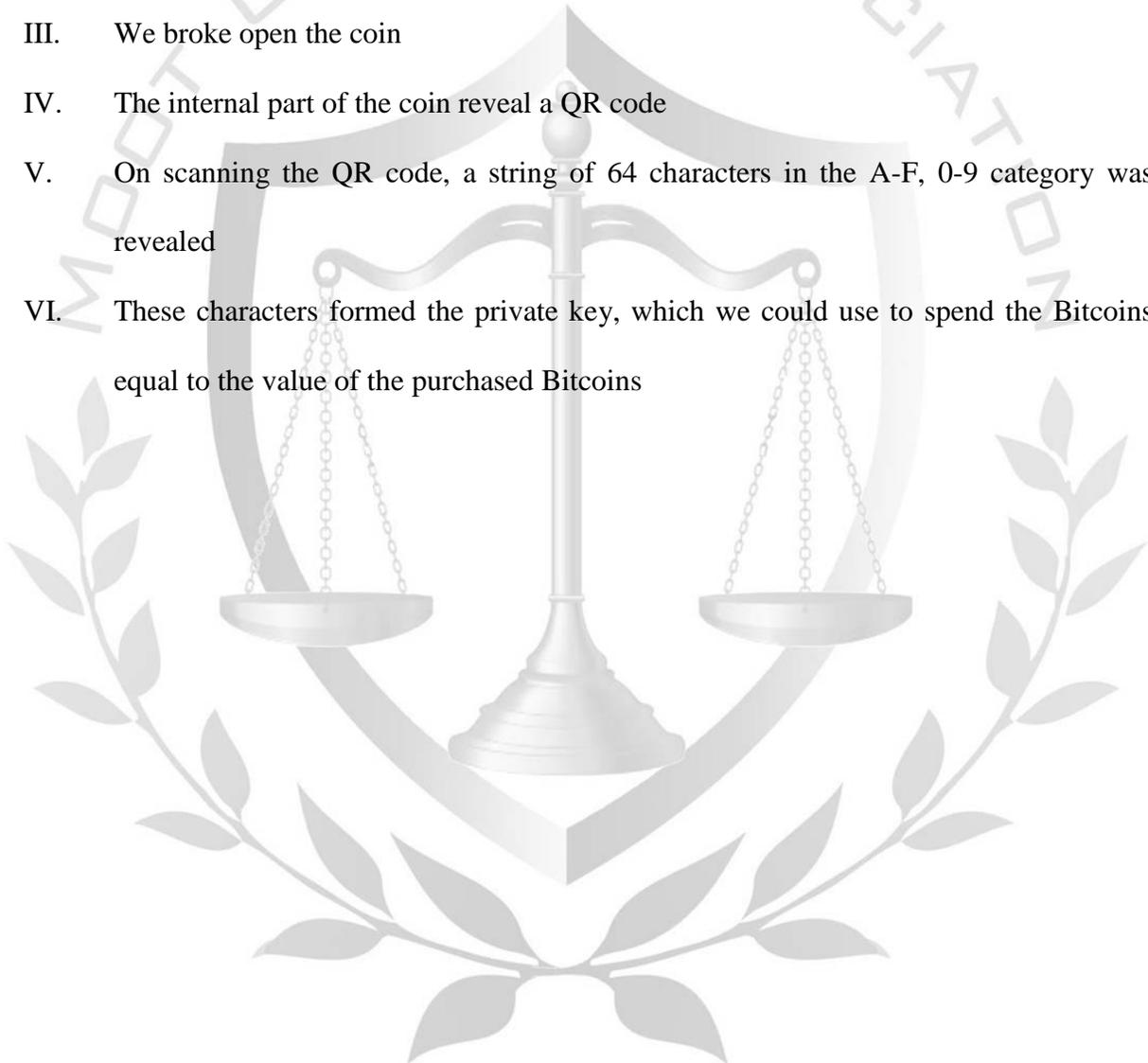
Notes:

1. The legality of Bitcoins shall not be called into question by the parties.
2. The excerpts from the reports annexed to the problem (Annexure I and II) shall be considered factually correct by the participants and the fact that they are reports internally published by PTIL shall not be the basis of arguing that the same are factually incorrect.

Annexure I

Excerpts from report on the functioning of the physic device offered by SI

- I. The product was a small circular object, resembling a coin in its shape, but was made of polycarbonate and was about 5 grams heavy, 1.5 inch in diameter.
- II. The coin was built to be substantially hollow from inside.
- III. We broke open the coin
- IV. The internal part of the coin reveal a QR code
- V. On scanning the QR code, a string of 64 characters in the A-F, 0-9 category was revealed
- VI. These characters formed the private key, which we could use to spend the Bitcoins equal to the value of the purchased Bitcoins



Annexure II

Report on the Software offered by SI

...Out of the 264 lines of the code of the software provided by PT Inc., the following lines appear verbatim in the total of 204 line of code of SI. The rest of the code is different.

```
#include <stdio.h>

void swap(int *xp, int *yp)
{
int temp = *xp;
  *xp = *yp;
  *yp = temp;
}

void Sort(intarr[], int n)
{
inti, j;
for (i = 0; i < n-1; i++)
for (j = 0; j < n-i-1; j++) //Last i elements are already in place
if (arr[j] > arr[j+1])
swap(&arr[j], &arr[j+1]);
}

void Array(intarr[], int size)
{
inti;
for (i=0; i < size; i++)
printf("%d ", arr[i]);
printf("\n");
}
```