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IP REMEDIES: PATENT LAW

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What patent
infringement remedies
are available when
someone violates your
patent rights?

What happens when
someone infringes your
patent rights?

Can you sue them?

Can you get money?

Can you stop them?

ADMINISTRATIVE REMEDY – BORDER CONTROL MEASURES

- Section 11 of the (Indian) Customs Act, 1962
- Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007
- The patent owner can reach the collector of customs and prohibit the entry of these (infringing) goods into Indian market.
- The patent owner must provide the name of the exporter, consignee, port of entry, name of the ship etc. details.

CIVIL REMEDIES – INTERIM INJUNCTIONS

- S.108 of the Patents Act, 1970.
- 2 Kinds : Interlocutory / temporary and permanent injunction
- Temporary injunction is limited to a specific period or till the time the case is finally decided on merits
- Permanent injunction is granted AFTER hearing the parties on the merits of the case
- Permanent injunction is limited to the duration of the patent
- Remedy of injunction is available against a **threat of infringement (S.106)** also

- In view of a catena of legal pronouncements, there has evolved criteria in terms of three basic factors that a Court should weigh while granting interim injunctions.
- These factors are:
 - (i) *Prima facie* case,
 - (ii) Irreparable damage and
 - (iii) Balance of convenience.
- The origin of these factors is sourced to 'celebrated' English decision in the case of *American Cyanamid Co. vs. Ethicon Ltd.*, 1975 AC 396.
- Another crucial prong that the test for interim injunctions involve is "**public interest**". Based on the Indian jurisprudence evolved considerably, it is observed that that the Indian Courts have recognized public interest both as a separate factor and as a factor read into the "balance of convenience" test.

ILLUSTRATIVE CASES

<i>Franz Xaver Huemer Vs. New Yash Engineers</i> AIR 1997 Delhi 79 Division Bench (DB) of High Court of Delhi (DHC)	Mechanical devices used in textile industry	In the words of DB: • The plaintiff who has registered patents in India in 1984 but has not used them in India cannot, in equity, seek temporary injunction against the respondent... • Learned counsel for the appellant submitted that... the plaintiff's exclusive right to exploit the invention lasts for 14 years and during the period plaintiff may use or not use it. It is his exclusive privilege to use or not to use... In our view, the contention of the appellant's counsel, if accepted, would seriously affect the market and economic conditions in our country inasmuch as it would enable a mechanical device, invented abroad (or in India) to be registered in India and kept unused thereby excluding public of its benefit and, at the same time precluding a similar device being produced or used in our market or industry..... • Balance of convenience has also an important role to play. Stultification of defendants investment loss or employment, public interest in the product (such a life saving drug), product quality coupled with price, or the defendant being smaller in size, may go against the plaintiff. • Trial court's Order vacating interim injunction confirmed.
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Bristol-Myers Squibb Company & Anr. vs. Ramesh Adige & Anr. CS(OS) 534/2010 (Order September 2010) SJ of DHC	Pharmaceutical Composition comprising up to 1% of entecavir	The SJ relied on the decision of the Bombay HC in <i>Novartis AG and Anr. vs. Mehar Pharma and Anr.</i>, 2005(30) PTC 160 Bom, (a case concerning exclusive marketing rights (EMR) granted by Patent Office to Novartis to sell or distribute the Beta-crystalline form of imatinib mesylate in its doses forms) where the Court, while expressing its concerns for public health denied Novartis interim injunction. The SJ observed: • Defendants by raising a credible challenge to the patent have tentatively shown that the patent has been rendered vulnerable. • Since hepatitis B is a chronic infection and its prevalence in India is not in dispute, its medication ought to be easily available and accessible to the patients across the country. • The plaintiffs are not entitled to interim injunction in view of the fact that they import the patented drug "Baraclude" and do not manufacture it locally and the price of this drug is almost three times higher than the defendants' product.
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TELEFONAKTIEBOLAGET LM ERICSSON (PUBL) Vs. INTEX TECHNOLOGIES (INDIA) LTD. CS(OS) 1045/2014 Order dated March 13, 2015 SJ of the DHC	Patents relating to three Technologies viz. A. Adaptive Multi-Rate (AMR) speech codec – a feature that conserves use of bandwidth and enhances speech quality; (AMR) B. Features in 3G phones – Multi service handling by a Single Mobile Station & A mobile radio for use in a mobile radio communication system; (3G) C. Enhanced Data Rates for GSM Evolution (EDGE) - A transceiving unit for block automatic retransmission request; (EDGE)	• The SJ took into account, <i>inter alia</i>, the conduct of the defendant for the last five years, and drew inference in favour of the plaintiff that the suit patents are <i>prima facie</i> valid and there is no credible defence raised by the defendant who is guilty of infringement of patents. • The SJ did not accept defendant's argument that grant of an injunction would in fact cause irreparable harm to its business and to the consuming public which is dependent on the affordable mobile phones it made available. • The SJ held: "The balance of convenience lies in favour of the plaintiff and against the defendant. As regard irreparable loss and injury is concerned, in case the FRAND agreement is not signed by the defendant or royalty is not paid, it would have impact of other 100 licensors who are well known companies in the world who are paying the royalty. The plaintiff would suffer irreparable loss and injury in case the arguments of the defendant are accepted." • SJ finally passed an interim Order against the defendant for payment of royalty. The decision of SJ is under appeal before the DB.
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Hind Mosaic and Cement Works and Anr v. Shree Sahjanand Trading Corporation and Anr Gujarat High Court DB gave the decision on 27.3.2008.	“Polyvinyl Chloride threaded pipe joint system with coupler and wire locking device comprising two pipe joining components, two sealing rings, including a wire lock, the said wire lock is component being inserted into the groove which locks the coupler with the one end of the pipe joint, the said coupler joining both the ends using the threads, the said threads are made in the form of square type threads and the said sealing rings are fixed to both the ends of the pipes and coupler“ The appellant learnt through an advertisement in the 'Gujarat Samachar' dated 5.6.2007 that an identical product described as "first kind of PVC Wire Lock System in the world" was being produced and marketed by respondent No. 2 through its distributor, respondent No. 1. The appellants filed Regular Civil Suit No. 1432 of 2007 in the Court of the Learned City Civil Judge, Ahmedabad under the provisions of the Patents Act. The appellants also filed application for interim injunction under the provisions of Order 39 Rule 1 and 2 of CPC	• The Learned Single Judge commented that the principles of irreparable injury and balance of convenience are against the plaintiffs, hence vacating the ex-parte injunction granted and also the application for interim injunction. • The Division Bench opined that 'the Learned Single Judge had not considered the very vital aspect in its true perspective that the patent was granted under Sec. 48 of the Patents Act, 1970, whereby the rights of the appellant patentee was statutorily recognized. Subsequently, the decision of the Learned Single Judge was quashed, upholding the ad-interim relief ordered by the Learned Trial Judge. • Apex Court Judges were of the view that DB had not analysed Sec. 13(4) read with Secs. 47 and 48, particularly the scheme of the Patents Act with respect to the effect of counter claim. Thus, the impugned order of the Division Bench was set aside directing them to hear and decide the matter as expeditiously as possible. • Before the final DB, The Learned Counsels for both sides had worked out a consensus to proceed ahead with the hearing of the suit itself without investing time and labour in dealing with the application for interim relief
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The Basic Principles

- The principles for the grant of an interlocutory injunction may be summarized as follows:
- (i) that the plaintiff must establish that it has a prima facie case, that its patent is valid and that its rights have been infringed;
- (ii) that the balance of convenience is in favor of the plaintiff;
- (iii) that the plaintiff would suffer irreparable loss and injury, if the interlocutory injunction, as sought, is not granted.

Recent Positive Developments

- [Sterlite Technologies Limited v. ZTT India Private Limited](#) – Delhi High Court [May 31, 2019]
- The Court granted an interim injunction restraining the Defendant from infringing the Plaintiff's patent numbered "IN 241433" in respect of optical fibres.
- The Court noted that it could not arrive at a decision with respect to infringement of the Plaintiff's patent.
- Nevertheless, it was observed that patent offering a limited monopoly, would be harmed if the Defendant was not restrained from using and marketing the patented invention.
- The Court noted that experimentation with interim orders was the need of the hour, and the grant of the aforementioned interim injunction would balance interests.

EX PARTE AD INTERIM INJUNCTION

- **FDC Limited v. Sanjeev Khandelwal, 2007 (35) PTC 436 (Mad)**

1. Where the plaintiff and the primary defendant are residing outside the State and their identity, addresses etc., are easily known, the court would have the jurisdiction to grant an ex parte injunction.
2. Where sales of the offending products are not on a commercial scale;
3. If the grant of interim injunction is going to result in closure operation/business of the defendant. If the ex parte injunction has an all India operation and not just within the State;
4. Where the dispute involves patent/trade mark issues, the trial court should carefully peruse the certificates, offending marks etc.,
5. An ex parte injunction should not be granted in cases where no evidence or proof of infringement has been filed by the plaintiff;
6. In patent cases, the trial court has to carefully note the distinction between a product patent and a process patent. If the plaintiff alleges violation of process patent, then ex parte injunction should not be granted unless the plaintiff has adduced the evidence of an independent scientist/other technical expert who has tested the plaintiff's and defendant's product and arrived at an independent finding as to the identity of the processes used. In process patent cases, opportunity must be given to the defendant to explain how their process does not constitute infringement within the meaning of "[Section 104-A](#) of the Patent Act."

DAMAGES / ACCOUNT OF PROFITS

- Plaintiff is entitled to either damages or account of profits – its not cumulative but alternative
- It may be granted **in addition** to the remedy of injunction
- Where plaintiff elects the remedy of account of profits, he will be entitled to claim only that profit which was earned by defendant by using the invention of the plaintiff
- ***Microsoft Corporation v K Mayuri and Ors. (2007)35 PTC 415 (Del)*** – Justice AK Sikri [in a TM Infringement case] explained the principle thus: In Microsoft Corporation Vs. Ms. K. Mayuri & Ors., this Court has held "*The practice of grant of exemplary damages needs to be strengthened particularly in those cases where flagrant infringement is found. Such an exercise of power is not to be fettered by any requirement that the plaintiff must show some particular benefit which has accrued to the defendant or that the plaintiff must satisfy the court by leading evidence that he has suffered actual loss. In a case where the plaintiff proves such actual loss, he would be entitled to the same. However, even without such a proof, in case of flagrant infringement, the court has the complete discretion to make such award of damages as may seem appropriate to the circumstances, so that it acts as deterrent. In some cases, it is not possible to prove the actual damages, namely, that there is a normal rate of profit or that there is a normal or establish licensed royalty. Yet, clearly, the damages have to be assessed....* ***In the cases relating to violation of intellectual property rights, new and further principles have been laid down realizing that in many cases it may not be possible to prove the actual damages. The courts have, therefore, started granting damages under two additional heads, namely, punitive and exemplary.***"
- **Entitlement = (Number of Infringing articles) X (the sum that would have had to have been paid in full in order to make the manufacture of the article, lawful)**

ILLUSTRATIVE CASE

- *Ravi Raj Gupta v Acme Glass Mosaic Industries* 56 (1994) DLT 673
- “ The application for the grant of ad-interim injunction is, therefore, rejected....However, to protect the interest of the plaintiff in the event of his ultimately succeeding in the suit, it is directed that the defendant shall maintain a complete, true and accurate account of the manufacture and sale of the tiles by it and the same shall be filed duly audited in the court every six months till the decision of the suit”

DESTRUCTION, SEIZURE OR FORFEITURE

THE PATENTS ACT, 1970

Section 108

Reliefs in suit for infringement

(1) The reliefs which a court may grant in any suit for infringement include an injunction (subject to such terms, if any, as the court thinks fit) and, at the option of the plaintiff, ~~either damages or an account of profits.~~

(2) The court may also order that the goods which are found to be infringing and materials and implements, 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.

INNOCENT INFRINGEMENT

THE PATENTS ACT, 1970

Section 111

Restriction on power of court to grant damages or account of profits for infringement

(1) In a suit for infringement of patent, damages or an account of profits shall not be granted against the defendant who proves that at the date of the infringement he was not aware and had no reasonable grounds for believing that the patent existed. 

Explanation.—A person shall not be deemed to have been aware or to have had reasonable grounds for believing that a patent exists by reason only of the application to an article of the word "patent", "patented" or any word or words expressing or implying that a patent has been obtained for the article, unless the number of the patent accompanies the word or words in question.

(2) In any suit for infringement of a patent the court may, if it thinks fit, refuse to grant any damages or an account of profits in respect of any infringement committed after a failure to pay any renewal fee within the prescribed period and before any extension of that period.

(3) Where an amendment of a specification by way of disclaimer, correction or explanation has been allowed under this Act after the publication of the specification, no damages or account of profits shall be granted in any proceeding in respect of the use of the invention before the date of the decision allowing the amendment, unless the court is satisfied that the specification as originally published was framed in good faith and with reasonable skill and knowledge.

(4) Nothing in this section shall affect the power of the court to grant an injunction in any suit for infringement of a patent.

DECLARATION OF PATENT VALIDITY

THE PATENTS ACT, 1970

Section 113

Certificate of validity of specification and costs of subsequent suits for infringement thereof

(1) If in any proceedings before the Appellate Board or a High Court for the revocation of a patent under section 64 and section 104, as the case may be, the validity of any claim of a specification is contested and that claim is found by the Appellate Board or the High Court to be valid, the Appellate Board or the High Court may certify that the validity of that claim was contested in those proceedings and was upheld.

(2) Where any such certificate has been granted, then, if in any subsequent suit before a court for infringement of that claim of the patent or in any subsequent proceeding for revocation of the patent in so far as it relates to that claim, the patentee or other person relying on the validity of the claim obtains a final order or judgment in his favour, he shall be entitled to an order for the payment of his full costs, charges and expenses of and incidental to any such suit or proceeding properly incurred so far as they concern the claim in respect of which the certificate was granted, unless the court trying the suit or proceeding otherwise directs:

Provided that the costs as specific in this sub-section shall not be ordered when the party disputing the validity of the claim satisfies the court that he was not aware of the grant of the certificate when he raised the dispute and withdrew forthwith such defence when he became aware of such a certificate.

(3) Nothing contained in this section shall be construed as authorising the courts or the Appellate Board hearing appeals from decrees or orders in suits for infringement or petitions for revocation, as the case may be, to pass orders for costs on the scale referred to therein.

OFFENCES AND PENALTIES

- **Contravention of secrecy provisions relating to certain inventions:** In this case, if any person fails to comply with the directions given under section 35 or makes an application for grant of Patent in contravention of section 39 of the Patents Act, 1970, then he shall be liable for punishment with imprisonment for a term of which may extend to 2 years or fine or with both. [S.118]
- **Falsification of entries in register, etc:** If any person makes false entry in the register of Patent, or writing falsely purporting to be a copy of an entry in such a register, knowingly or unknowingly, he shall be punishable with imprisonment for a term which may extend to 2 years or fine or with both. [S.119]
- **Unauthorized claim of Patents rights:** If any person falsely claims or represent any article sold by him is patented in India or if the article is stamped, engraved or impressed on or otherwise applied to, the article the word "patent" or "patented" or some other word expressing or implying that the patent of the article has been obtained in India or; that an article is the subject of an application for a patent in India, or if the article is stamped, engraved or impressed on or otherwise applied to, the article the word "patent" or "patented" or some other word expressing or implying that the patent of the article has been made in India, he shall be punishable with fine which may extend to 1-lakh rupees. [S.120]

OFFENCES [contd./-]

- **Wrongful use of words "patent office":** If any person uses on his place of business or on any of the document issued by him the word patent office or in any other way which would lead to belief that his place of business or document issued by him are related to or connected with the patent office, then such offence shall be punishable with imprisonment for a term which may extend to 6 months or with fine, or with both. [S.121]
- **Refusal or failure to supply information:** In any case, if the person fails to furnish or refuses any information which is false, and which he either knows or it does not believe to be true, as required by the central government under section 100(5) of the Patents act, 1970 or any information related to working of patents which is require to be furnished under section 146 of the Patents Act, 1970,

He shall be punishable with fine which may extend to 10-lakh rupees or in case of providing false information as required under section 146, the offence shall be punishable with imprisonment which may extend to 6 months or with fine, or with both. [S.122]
- **Practice by non-registered patent agents:** If any person contravenes the provisions of section 129, he shall be punishable with fine which may extend to 1-lakh rupees in first offence and 5-lakh rupees in second offence. [S.123]
- **Offence by companies:** If any company as well as every person in charge of, and in responsible to that company found responsible for the conduct of his/ their business at the time of commission of the offence shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly. [S.124]

Other remedies – not extended to Patent yet

- The Anton Piller Injunction Order
- The Mareva Injunction Order
- John Doe Orders

CONCLUSION

- The purposes of civil remedies are
 - (i) to provide compensation for the prejudice caused by infringements,
 - (ii) to dispose appropriately of the infringing copies (typically through destruction or other disposal outside the normal channels of commerce),
 - (iii) to dispose appropriately of implements used for infringing activities and (iv) to grant injunctions to prohibit further infringements.

Such remedies should always be available irrespective of whether the infringement has been committed willfully and/or for profit-making purposes.

- patent actions are essentially civil actions for infringement. In the case of trademarks and copyright, much of what has been explained about procedures in relation to civil actions applies to ordinary actions for infringement, but the serious criminal offenses of counterfeiting and piracy can also arise.