

INFRINGEMENT OF PATENTS

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SEC.48-RIGHTS OF **PATENTEE.**

Patentee have the exclusive right to

- 1) Make
- 2) Use
- 3) Exercise
- 4) Sell
- 5) Distribute the invention- within India.

De Minimus Infringement

SEC.49 OF THE IPA FURTHER CLARIFIES THAT, IF A FOREIGN AIRCRAFT OR SHIP EMPLOYS THE PATENTED INVENTIONS, THEN THE INDIAN COURTS MAY NOT EXERCISE JURISDICTION, IF THE FLAG COUNTRY PROVIDES ADEQUATE REMEDIES IN THEIR LAND.

What is not infringement ?

AS PER SECTION 47, IMPORTATION OF A PATENT PRODUCT OR A PRODUCT MADE BY A PROCESS IN RESPECT OF WHICH THERE IS A PATENT, AMOUNTS TO INFRINGEMENT IN INDIA. UNDER INDIAN LAW, USE OF PATENT BY GOVERNMENT FOR ITS OWN PURPOSE WILL NOT CONSTITUTE INFRINGEMENT.

INFORMATION ABOUT PATENT INFRINGEMENT CASES:-

- 1) The law confers jurisdiction on all District Courts to try patent infringements as civil cause of actions.
- 2) The defendant will invariably challenge the validity of the patent, as a defense to his infringement.



TIPS.....:-(*CONTD*)

3) Under the Indian Law, the power to pronounce on the validity of patents rests with the Controller of patents, IPAB & High Court.

So, even if the plaint is originally filed in a District Court, once the defendant pleads invalidity of patent, the matter would be immediately transferred to High Court.

TIPS.....:-(*CONTD*)

- 4) In addition, the defendant may ask for a compulsory license as a defence to infringement.
- In such a case, High Court would call for information from Respective Controller of Patents.
 - Hence, it is wiser to implead the Controller of Patents, even though she/he may not be proper party to an infringement suit.

TIPS.....:-(*CONTD*)

5) Sometime, in order to ward off a successful challenge, the plaintiff would have to amend the patent.

Although, under law, the power to amend the patent specification vests with both Controller of Patents ,IPAB and High court.

6) There is substantial difference in ad valorem Court Fee payable. Therefore, Metropolitan(Chartered) High Courts is a better bet for launching Patent infringement suits.

REMEDIES IN INFRINGEMENT/CHECK LIST:-

1. Suit for damages.
2. Suit for Account on Profits, with a prayer that either an Advocate/ Chartered Accountant is appointed to assess the damages.
3. Demand the defendant to furnish security to the value of the claim and include the costs.
4. Injunction at the end of the Trial.
5. Interim Injunction will normally not be available, as damages arising from patent infringement can be adequately compensated in monetary terms.

BURDEN OF PROOF/ COLLECTION OF EVIDENCE:-

- 1) Indian Lawyers are notorious for their inability to take advantage of Discovery and Interrogatory mechanisms available under Civil Procedure Laws**

Observation Courtesy- Prof. Marc Gallenter. (See:- U. Baxi- Indian law, New Delhi. Inconvenient Forum and Convenient Catastrophe.)

- 2) Engaging Private Detectives for collecting evidence of infringement and importance of credible Trap orders.**
- 3) Burden of proving that the defendant's acts of selling, exercising or vending falls within scope of the plaintiff's patent claim, (either directly or by doctrine of equivalence) is on the plaintiff.**

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"Actually, I'm a litigator."

BURDEN OF PROOF.....:-*(CONTD)*

- 4) If the defendant, pleads invalidity of the patent, then, the burden of proving the invalidity would be on the defendant.
- 5) If the patent is for a process and the defendant's product can also be manufactured by the said patented process, then, the Court shall presume that the product was made by that process.

It is for the defendant to show that he did not make the product as per the patented process.

INFRINGEMENT OF PATENTS:

- Section 48 of IPA defines the scope of the rights of the Patentees, but does not say what constitutes infringement.

DETERMINATION OF INFRINGEMENT...HOW?

1. The extent of the monopoly right conferred by the patent, which has to be ascertained by construction of the specification, with special reference to claims.
2. Whether the defendant's acts amount to making, using, exercising, selling or distributing a product claimed in the patent?
3. Whether these acts violate the monopoly granted by the patent?

SALE OF INGREDIENTS- *TOWNSEND V/S HAWORTH*_(12 CH.D 831)

- Is selling non-patented articles to persons, to be used for the purpose of infringing patents actionable?
- Patent for a synergistic admixture comprising of commonly available substances, for the purpose of preserving cloth from mildew .
- Sale of the individual/important constituent would normally not be an infringement of the patent.

Innes V/s Short & Beal 15 RPC 449

CLAIMS RELATED TO USE OF ZN POWDER TO PREVENT CORROSION IN STEAM BOILERS.

PATENTEE SOLD GOODS THROUGH HIS AGENT.

AFTER THE TERMINATION OF AGENCY, THE DEFENDANT SOLD THE ZN POWDER WITH INSTRUCTION ON HOW TO USE IT, BUT THE WORDS INNES PATENT WERE STRUCK OFF FROM THE PACK.

WHETHER THIS CONSTITUTES SECONDARY INFRINGEMENT?

MCGILL INC. V/S JOHN ZINC CO (1984)

US COURT OF APPEAL- FEDERAL CIRCUIT 736 E.2ND.666;221 USPQ 994.

McGill owned a process Patent for recovering hydrocarbon vapor from an air hydrocarbon mixture-

- It is a pollution prevention process for recovering hydrocarbon vapors that have been vented from the storage tank.
- On the other hand, Zinc used fresh gasoline as the absorbent & hence claimed that he is not infringing McGill's patent.
- Jury found in favor of the Patentee when the defendant applied for dismissal motion.

MCGILL'S INC....(CONTD

Claim construction:-

meaning given to the words in the specification must be adopted while interpreting.

McGill Inc... Zink contended that the language employed in the claims would cover only internally created recovered liquid hydrocarbon being used as an absorbent. File history or docket sheet estoppel.

The other claims like dependent claims would be considered in determining the scope of the claim.

CASE STUDIES: JAPAN

1)SmithKline Beecham (SB) & SmithKline Beecham Seiyaku KK(SBS) V/s Fujimoto Pharmaceutical Co. :- [Tokyo District Court, 1998]

- SmithKline Beecham had filed a process patent in Japan on Cimetidine in September 1973.
- It was granted after 8 years and was valid till September 5, 1993.
- In December 1986, Fujimoto imported the infringing product from Yugoslavia (now Slovenia) and sold 68,000 tablets in Japan.
- Fujimoto also manufactured a generic version of Cimetidine Cylock.

SMITHKLINE BEECHAM:-CONTD...

- SB claimed that Fujimoto had infringed their patent from December 1986-September 1993.
- Fujimoto argued that their process was not covered by the SmithKline patent.
- The Judge found Fujimoto liable for patent infringement.
- The Court awarded SB and SBS Yen 500 million(\$4.2 million) in royalties and Yen 2.5 billion(\$21 million) in lost profit based on a 15% profit rate.
- This is the largest award ever in a Japanese patent infringement case



"I invented fire, but now everyone is using it for free. In hindsight, maybe my first invention should have been intellectual property law."

FONAR CORPORATION V. GENERAL ELECTRIC COMPANY

- Fonar was awarded US Patent No.4871966 ('966 patent) dealing with the use of magnetic resonance imaging technique (MRI) in order to obtain multiple image slices of a patient's body at different angles in a single scan can referred to as multi-angle oblique(MAO) imaging.
- This resulted in shortening of imaging times and hence allowed for more patients per day.
- US Patent No.3789832 ('832 patent) was also awarded in favor of Fonar for using NMR imaging technique to detect cancer by measuring electron spin relaxation times T1 & T2 in the sample tissue and then comparing with the standard values in normal and cancerous tissue of the same type.

THE FACTS:-(*CONTD*)

- Fonar sued GE for infringement of these 2 patents asserting infringement of claims 1,2,3,4,5 and 12 of '966 patent and claims 1 & 2 of 1832 patent.
- Fonar had also sued Hitachi for infringement , but Hitachi reached an out of court settlement with Fonar.
- The jury at the Eastern District Court of New York returned a verdict finding that the asserted claims were not invalid and were infringed by GE [902 F.Suppl.330 (E.D.N.Y 1995)].

THE FACTS:-(*CONTD*)

- **As compensation for the infringement the Jury awarded Fonar-**
 - a) \$ 27,825,000 as lost profits on 75 machines of the 600 MRI machines GE sold.**
 - b) \$ 34,125,000 as reasonable royalty on sales of remaining 525 machines.**
 - c) \$ 13,625,000 as damages for GE's inducement to infringe the patent.**
 - d) \$ 35,000,000 as reasonable royalty damages for GE's infringement of the '832 patent.**
- **GE appealed against this judgment.**
- **The Court then awarded Fonar prejudgment interest and entered a final award against GE to the amount of \$68,421,726.**

PROCEEDINGS AT THE FEDERAL COURT OF APPEALS:-

- The '996 patent satisfied the best mode requirement as it disclosed adequate and appropriate information of the invention for anyone trained in the art to practice the invention.
- There was direct infringement of the '996 patent.
- Though Fonar's patent had expired for a short period due to failure to pay a maintenance fee, the lapse period did not apply to GE which had infringed the patent since 1992 and not begin infringing during the lapse period.

PROCEEDINGS AT FEDERAL COURT - (CONTD)

- The Machines that GE serviced were not recoverable before Fonar gave notice to GE.
- Therefore, GE did not induce infringement of the '996 patent.
- There was evidence that GE machines performed an equivalent step (b) and step (c) of claim 1 of the '832 patent and hence the patent '832 is indeed infringed by GE.
- The Court reinstated the \$35,000,000 as reasonable royalty damages for GE's infringement of the '832 patent.
- GE finally compromised & paid \$ 128.7 million (\$110.5 million as damages plus interests).

LESSONS:

- Fonar is a strongly innovation-led and IPR-sensitized company. It has sound corporate IPR policy. It drafts its patents with extreme care, especially as it is involved in complex convergence technologies.
- Despite this focused thrust on its IPR, it failed to pay maintenance fees on time leading to the lapse of patent rights on the '996 patent for a short period.

LESSONS: (CONTD)

- It also failed to mark the instruments with “*patents pending*” which helped GE to escape the charge of “*inducing infringement*” while servicing the Fonar instruments.
- However, its litigation strategy and approach shows a good coordination between its technical and legal teams.
- It may be noted that Fonar’s annual revenue was only \$17 million. However, it won an award of 128.7 million for the infringement in 2 patents.
- The exact amount obtained from the out of court settlement with Hitachi is not known, but, was substantial.

LESSONS:(*CONTD*)

- It also illustrates the value of protecting corporate intellectual assets.
- This case brings on board the importance of a cohesive approach to management of IPR in a corporate.

HUGHES AIRCRAFT CO. v. UNITED STATES (1983)

United States Court of Appeal, Federal Circuit, 717 F.2d 1351, 219 USPQ 473.

THIS INVENTION RELATED TO A SYNCHRONOUS COMMUNICATION SATELLITE WITH THE SAME ORBITAL ROTATION PERIOD AS THE EARTH.

FOR ACHIEVING THIS, THE SATELLITE MUST MOVE IN A WEST TO EAST ORBIT WITH A RADIUS OF 22,750 NAUTICAL MILES AND HAVING A LINEAR VELOCITY OF 10,900 FEET PER SECOND, SO THAT IT COULD HOVER ABOVE A FIXED POINT ON THE EARTH.

Hughes Aircraft...

*** THERE WERE SERIOUS PROBLEMS IN-**

1. ALTITUDE CONTROL

**2. INABILITY TO ENSURE THAT THE SATELLITE'S
DIRECTIONAL ANTENNAE ALWAYS POINTED TOWARDS THE
EARTH.**

**3. ENSURING THAT ITS SOLAR ARRAY PANELS ALWAYS
FACE TOWARDS THE SUN TO ENSURE ADEQUATE SUPPLY
OF ENERGY FOR THE SATELLITE'S MOTION.**

Hughes Aircraft...

INVENTOR WILLIAM, WORKING FOR HUGHES, CREATED A PRACTICAL SYSTEM FOR ALTITUDE CONTROL OF A SPIN-STABILIZED SATELLITE.

AS PER HIS SYSTEM, SIGNALS SENT BY A GROUND CREW CONTROL THE SATELLITE BY CAUSING A JET ON THE SATELLITE TO PULSE AT SELECTED SATELLITE POSITION, IN SUCCESSIVE SPIN CYCLES, THEREBY 'PROCESSING' THE SATELLITE IN THE SELECTED DIRECTION.

Inventor William...

*** THIS INVENTOR TAUGHT HOW A JET VALVE ON THE SPACECRAFT'S PERIPHERY COULD DISCHARGE GAS IN BRIEF, SUCCESSIVE PULSES ON COMMAND.**

ALSO, THAT AN ON BROAD V-BEAM SUN SENSOR COULD COLLECT RAW DATA FROM THE SUN AND TRANSMIT IT TO THE EARTH, ENABLING A GROUND CREW TO DETERMINE THE SATELLITE'S EXISTING & DESIRED ORIENTATION.

... Inventor William

*** THEREAFTER, USING CONVENTIONAL RADIO SIGNALS, THE GROUND CREW GIVE APPROPRIATE COMMANDS TO ENSURE THAT THE SOLAR ARRAY PANELS FACE THE SUN 24-HOURS & THAT THE ANTENNA ALWAYS FACES THE EARTH.**

*** IN THIS 'REAL TIME' SATELLITE, SUN PULSES ARE TRANSMITTED TO EARTH IN REAL TIME ENABLING THE GROUND CREW TO SIMULATE THE ROTATION OF THE SATELLITE & TO CALCULATE THE SATELLITE'S SPIN RATE, SUN ANGLE & ITS POSITION.**

The US spacecraft

IN THE US SPACECRAFT (DEFENDANT'S), SUN PULSES ARE NOT TRANSMITTED TO THE GROUND CREW, BUT, TO A COMPUTER ON-BOARD THE SATELLITE.

THE COMPUTER CALCULATES THE SPIN RATE & TRANSMITS IT TO EARTH. THE COMPUTER ALSO TRANSMITS SUFFICIENT INFORMATION FROM WHICH THE GROUND CREW CAN DECIDE THE SUN ANGLE.

The US spacecraft...

IN THIS, THE GROUND CREW DOES NOT KNOW THE POSITION OF THE SATELLITE AT ANY POINT OF TIME, BECAUSE THE COMPUTER DOES.

THE SUN PULSES PROVIDE THE US SPACECRAFT REFERENCE POINTS FOR FIRING THE JETS TO EFFECT PRECISION JUST AS THEY DO IN WILLIAM'S- BUT NOT UPON RECEIPT FROM EARTH OF SPACED FIRING SIGNALS.

The US spacecraft...

1. AN 'INFORMATION' SIGNAL TELLING THE ONBOARD COMPUTER WHEN, IN EACH REVOLUTION, THE JET SHOULD BE FIRED & HOW MANY FIRINGS SHOULD BE MADE.
2. AN 'EXECUTE' SIGNAL TELLING THE COMPUTER WHEN TO BEGIN FIRING.

The Trial Judge found.....

1. THE SKYNET II, NATO II AND DCSS II SPACECRAFTS DO NOT INCLUDE WILLIAM'S MEANS FOR PROVIDING TO THE GROUND CREW AN INDICATION OF ISA POSITION, HAVING SUBSTITUTED COMPUTER RETENTION OF THE INFORMATION;

2. IN ALL NASA SYSTEMS, WILLIAM'S MEANS FOR SYNCHRONIZED CONTROLLED SIGNALS FOR IMMEDIATE EXECUTION ARE SUBSTITUTED BY AN ONBOARD COMPUTER FOR RECEIVING CONTROL SIGNALS & INSTRUCTIONS TO PULSE THE JET.

INFRINGEMENT ON THE DOCTRINE OF EQUIVALENCE.

THE NASA SPACECRAFT AND WILLIAM'S CLAIMED SATELLITE, EACH HAVE ON BOARD MEANS FOR TRANSMITTING TO GROUND THE SUN ANGLE AND THE SPIN RATE. IN EACH, THE GROUND CREW DETERMINES:

(1) PRESENT ORIENTATION; PULSED TO CHANGE LAND

(2) EACH SYSTEM FURTHERMORE, PROVIDES FOR RECEIPT FOR COMMAND SIGNALS TO CAUSE FIRING OF PRECESSION JET.

THE S/E SPACECRAFT USES SUN PLANE RETAINED ON BOARD AS REFERENCE POINTS TO FIRE THE JET. WILLIAM'S USES SUN PULSES SENT GROUNDS AS REFERENCE POINTS TO FIRE THE JET.

FWR ANALYSIS

THE DIFFERENCE BETWEEN OPERATION BY RETENTION AND OPERATION BY SENDING IS ACHIEVED BY RELOCATING THE FUNCTION, MAKING NO CHANGE IN THE FUNCTION PERFORMED, OR IN THE BASIC MANNER OF OPERATION, OR IN THE RESULTS OBTAINED.



I have passionate opinions about
patent reform-- "unjustifiably
passionate" according to the jury.

***THANK YOU FOR
A PATIENT HEARING...***