

Patent Enforcement in India



Intellectual property assets are touted as the cornerstone of competitiveness in international trade and are the driving factors behind socio-economic development in India. However, it is of prime importance that strong IP laws be framed and complemented by an equally strong and substantive enforcement mechanism. This article looks at the enforcement mechanism in place regarding patent infringement in India.

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The intellectual property system plays a pivotal role in framing industrial, trade and financial policies, for scientific and technological development of any country.

The infringement of intellectual property rights (IPR) has become a bane and is a major hindrance for India's economic development. It is of prime importance that strong IP laws be framed and complemented by an equally strong and substantive enforcement mechanism. It is imperative to have strong and equitable IP enforcement because it gives impetus to innovation, encourages innovative technologies and provides financial incentives to the owners.

Infringement and Enforcement

The Patent Act of 1970 (IPA) provides for the enforcement of patents by way of suits for infringement. Post-WTO TRIPS Agreement, various methods have, however, been adopted by legislators in India to improve patent enforcement measures. The TRIPS Agreement has introduced several domestic enforcement mechanisms in an attempt to overcome the shortcomings of pre-existing international IP laws. The

2005 Amendment of the IPA was a significant breakthrough as it marked the beginning of a product patent regime in chemicals, food and drugs, and also some of the notable patent litigation between innovator companies and the Indian generic drug industry.

Before delving into the enforcement measures, it is pertinent to discuss activities amounting to infringement, the provision in the statute that exempts certain activities from infringement liability and the defences available in case of an infringement suit.

Infringing Activities

The IPA does not specifically define activities that constitute infringement of patent rights. Section 48¹, however, confers exclusive rights upon the patentee to exclude third parties from making, importing, using, offering for sale or selling the patented invention. It can therefore be concluded that violation of aforementioned monopoly rights would constitute infringement of a patent.

Non-Infringing Activities

Government Use

An invention can be used anytime after the application for a patent is filed, or after the patent is granted by the 'Central Government' and by 'any

person authorized by it'. The patented product may be imported or made by or on behalf of the government. Similarly, the patented process may be used by or on behalf of the government for its own use.

Research Exemption

Any person may use or make the patented invention merely for the purposes of experiment or research including and imparting instructions to students.

Supply of Patented Drugs to Health Institutions

A patented invention in respect of any medicine or drug may be imported by the Government for the purpose merely of its own use or for distributing in any dispensary, hospital or medical institution maintained by or on behalf of the government.

Use of Patented Invention on Foreign Vessels

Patent rights are not considered to be infringed where the foreign vessel/aircraft/land vehicle temporarily or accidentally comes to India and uses the invention in the body of the vessel/in machinery/tackle/apparatus/in its construction or working. However, this provision is applicable only to the foreign vessel/aircraft/land vehicle of those foreign countries that provides reciprocity to Indian vessel/aircraft/land vehicle.

The Bolar Exemption

The patented invention may be used, constructed, made, sold or imported for the reasons solely related to the development and submission of information to the regulatory authority of India or elsewhere. This provision particularly helps generic companies as they can use the patented drug for carrying out their bioequivalent studies and submit the result to the regulatory agencies for getting marketing approval. This would ultimately aid them in entering the market as soon as the product patent has expired.

Importation of Patented Products

Importation of patented products by any person from a person (who is duly authorized under the law to produce and sell or distribute the product) will not be considered as an infringement of patent rights.

Jurisdiction

A patent holder can file a suit for infringement in the District Court or High Court. However where counter-claims for revocation of the patent is made by the defendant, the suit along with the counter-claims are transferred to the High Court for a decision on the validity of the patent.

The IPA, however, is silent as to which

courts will have the jurisdiction to hear the case. According to s 19 of the Civil Procedure Code 1908, the patentee can bring the suit for infringement in the court which has jurisdiction in the area where he/she resides or carries on a business or personally works for gain. The patentee can also bring the suit for infringement in a court which has jurisdiction in the area where the infringing activity took place.

The flip-side of the above provision is that there are more than 600 District Courts in India which virtually enables the patentee to do the any kind of *forum shopping*. Invariably, in an infringement case, the defendant would also challenge the validity of the patent which would lead to a transfer of the case to the High Court. Therefore, to avoid any delay, it is better to file the case in the High Court only. It is worth also noting that the suit for infringement can only be brought once the patent has been granted. However, if the court decides in favour of the patentee then he/she can claim damages for the infringement that was committed between the date of publication of the patent application and its grant.

The suit for infringement can also be initiated by the licensee. The licensee may call upon the patentee to initiate proceedings to prevent infringement of the patent. If the patentee does not take any action within two months, the licensee can institute proceedings for infringement in his/her own name.



The Indian Limitation Act governs the period of limitation for bringing a suit for infringement of a patent, which is three years from the date of infringement. Therefore, it is pertinent to note that the limitation period for the suit runs from the date of infringing act and not from the date of grant.

Another point worth noting is that if the patent has ceased to have an effect due to non-payment of the renewal fee, then the patentee will not be entitled to institute the proceedings for the infringement committed between the date on which patent ceased to have an effect and the date of publication of the application for restoration of the patent.

Burden of Proof

Where there is an alleged infringement of a patented invention that is in the form of a product, the burden of establishing that an infringement has occurred lies on the patentee. However, in the case of a process patent, the burden may shift to the defendant/infringer provided the patentee is able to prove to the court that through reasonable efforts he/she has not been able to determine the process which has been used by the defendant.

The Legal Interface of IPR

It is worth noting that all the IPR laws (excluding patent and designs laws) provide penal provisions to prevent infringement.

Administrative Remedy

If and when infringing goods are imported into Indian Territory, the IP owner can approach the Collector of Customs and prevent the entry of these goods into the Indian market. The IP owner must provide the name of the exporter, consignee, port of entry, name of the ship, etc to avail him/herself of this remedy.

Civil Remedy

To claim damages, the IP owner will have to pay a court fee on the damages claimed. The Chartered High Courts in India, namely, Bombay, Madras Calcutta and Delhi have different and liberal laws for the computation of the court fee.

The courts in India grant two types of injunctions.

A. Interim Injunctions

Interim injunctions are granted during the pendency of the case even before a full-fledged trial. This relief is granted by a summary procedure based on the admitted facts and by establishing:

1. a *prima facie* case where the burden of proof lies on the patentee to establish the patent violation. There are more chances of proving the *prima facie* case if the patent is sufficiently old; and
2. a balance of convenience in favour of the plaintiff as per the doctrine of relative hardships. The plaintiff would suffer irreparable loss if his/her prayer for a temporary injunction is not allowed.

Usually, in patent infringement cases, an interim injunction is not normally granted before a full-fledged trial. It is a kind of norm that whenever the patentee files a suit for infringement, the defendant/infringer counter-claims for invalidity. For example, in the case of *Novartis AG v Mehar Pharma* 2005 PTC 160 (para 28), as soon as the defendant counter-claims for invalidity it becomes difficult for the patentee to establish a *prima facie* case as a result of which the court does not grant any injunction against the defendant.

Under Indian law, there is no presumption of the validity of a recent patent. In the case of patents older than five years, the court may presume the validity of a patent. However, in the case of patents where a Certificate of Validity has been granted under s 130 of the IPA either by the High Court or by the Intellectual Property Appellate Board (IPAB), then the patentee can demand an interim injunction.

B. Permanent Injunctions

Permanent injunctions are granted after a full-fledged trial. In the event that the court concludes,



after a full-fledged trial, that the plaintiff had unjustly obtained an interim injunction before trial, then the Court will direct the plaintiff to compensate the defendant for the losses that the defendant had suffered due to the subsistence of the injunction prior to the trial.

Relief of Delivery Up

Shortly after the initiation of a case, Indian courts usually grant an interim order for the preservation of suit properties to ensure that the available evidence is not destroyed by the infringer. Order XXXIX rule 7 of Civil Procedure Code empowers Indian courts to appoint a Commissioner to visit the defendant's premises and take inventory of the infringing articles that are present in the defendant's premises. Such orders are normally granted without notice to the infringer; this provision is similar to Anton Piller orders granted by English courts. The Commissioner will give notice of the inspection to the defendant just prior to the commencement of the search by the Commissioner.

Criminal Remedy

The Indian Penal Code provides for penal remedies against infringement of IPR. Criminal sanctions are warranted to ensure sufficient punishment and deterrence of wrongful activity. Criminal remedies against infringement of various forms of IPR are as follows:

- the filing of a criminal complaint before the chief judicial magistrate/chief metropolitan magistrate of the relevant jurisdiction;
- leading evidence with respect to infringement;
- the filing of application u/s 91/93 of the Criminal Procedure Code for the issue of search and seizure warrants;
- orders/directions issued by the court to the police for the search and seizure of infringing material or alternatively, a direction by the court to the police for investigation by lodging a First Information Report (FIR) and search and seizure under s 156 of the Criminal Procedure Code 1973; and
- the filing of a complaint/FIR with the police.

Relief

The relief that a court may grant in any suit for infringement includes an injunction and at the option of plaintiff, either damages or an account of profits. 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.

However damages or account of profits shall

not be granted against the defendant who proves that at the date of infringement he or she was not aware and had no reasonable grounds for believing that the patent existed. It further provides that a person shall not be deemed to have been aware or to have had reasonable grounds for believing that a patent exists by reason of application to an article of words 'patent' or 'patented' or any other words implying that the article is patented unless the number of patent accompanies the word or words in question.

Further, if in an infringement proceeding it is found that any claim of the specification, being a claim in respect of which infringement is alleged, is valid, but that any other claim is invalid, the court may grant relief in respect of any valid claim which is infringed provided that the court shall not grant relief except by way of injunction (and not in the form of damages or account of profit.) However, if the plaintiff proves that the invalid claims were framed in good faith and with reasonable skills and knowledge then the court may, subject to its discretion, grant relief in the form of damages or account of profit.

The Indian judicial system has not provided for the constitution of Special Courts for hearing patent infringement matters. Hence, the Presiding Officers may not have expertise to pronounce on complicated questions involving state of the art technology. In such cases, the Patents Act provides for appointment of Scientific Advisors who will advise the court on questions of fact or give an opinion on technology that does not involve interpretation of laws. Unlike an expert who will have to be paid for by the parties calling the expert, the Scientific Advisor will be paid from the Consolidated Funds of India.

Defences in Suit for Infringement

Every ground on which a patent may be revoked will be available as a ground for defence.

Usually, as an alternative counter-claim, the defendants would seek a compulsory license of the patent if the patent is more than three years old. In this case, the court will be guided by the views of the Patent Office. Sometimes the plaintiff may also seek an amendment of the claims in order to escape the challenge of invalidity. In such a situation, the court would be comfortable with the recommendations from the Patent Office.

Parallel Proceedings

The IPA does not provide for provisions dealing with parallel proceedings. If a person has filed a petition for revocation of a patent in IPAB and then starts selling the (said patented) product in the market without patentee's permission, and the

patentee sues for infringement in the High Court, the person can then defend him/herself by using a counter-claim for invalidity. The two cases would be pending – one in IPAB to determine whether the patent is invalid and the other in the High Court where the case of both invalidity and infringement will be examined. The High Court may stay infringement proceedings until the final decision is reached by IPAB, however, it is totally at the discretion of the High Court.

In *Dr Aloys Wobben & Enercon GmbH v Enercon India (Delhi High Court)* FAO(OS) No 7/2011, it was, however, held that counter-claim before the court and the revocation before the IPAB are two separate actions which can be pursued simultaneously.

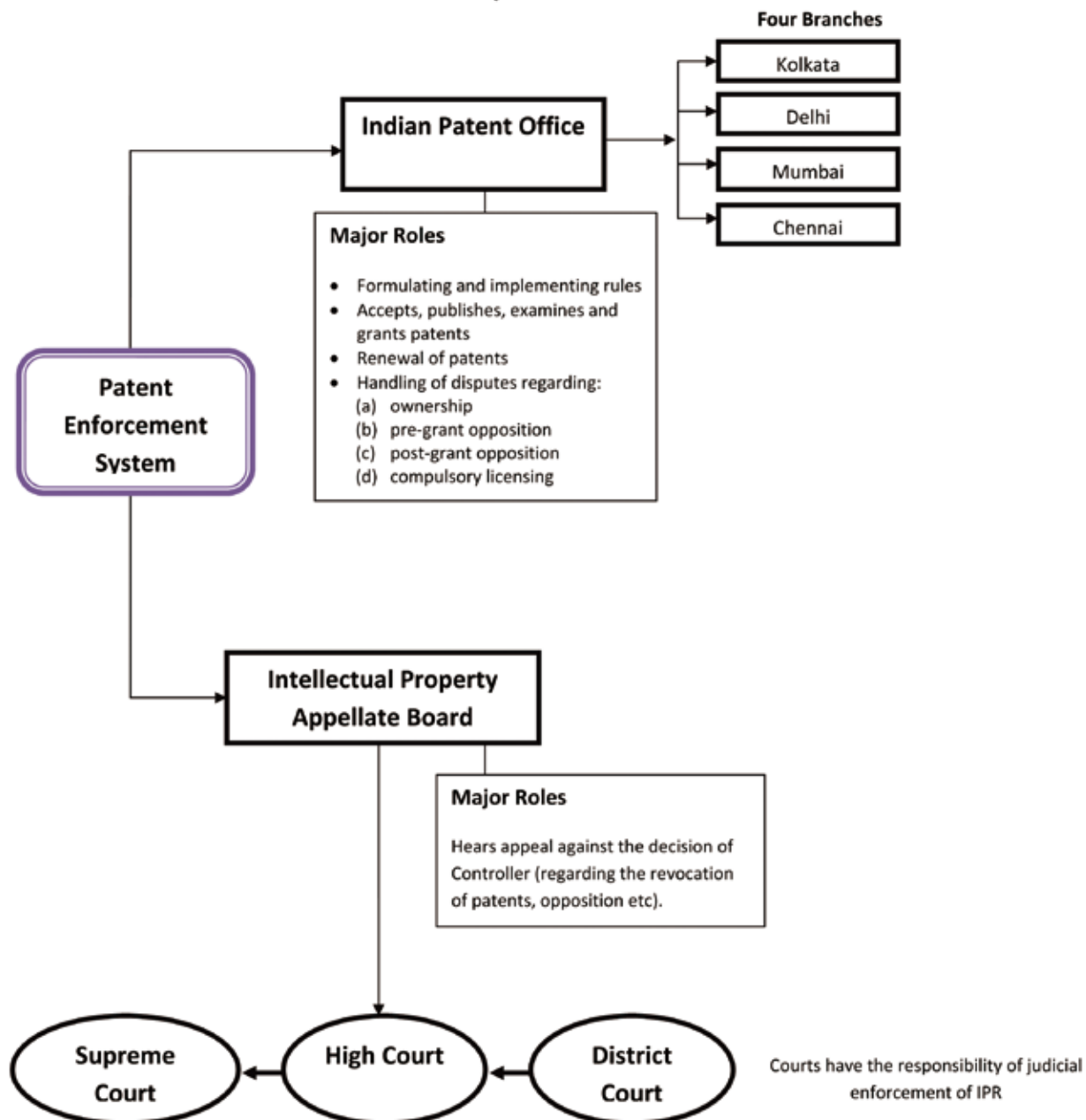
Relief in Case of Groundless Threats of Infringement

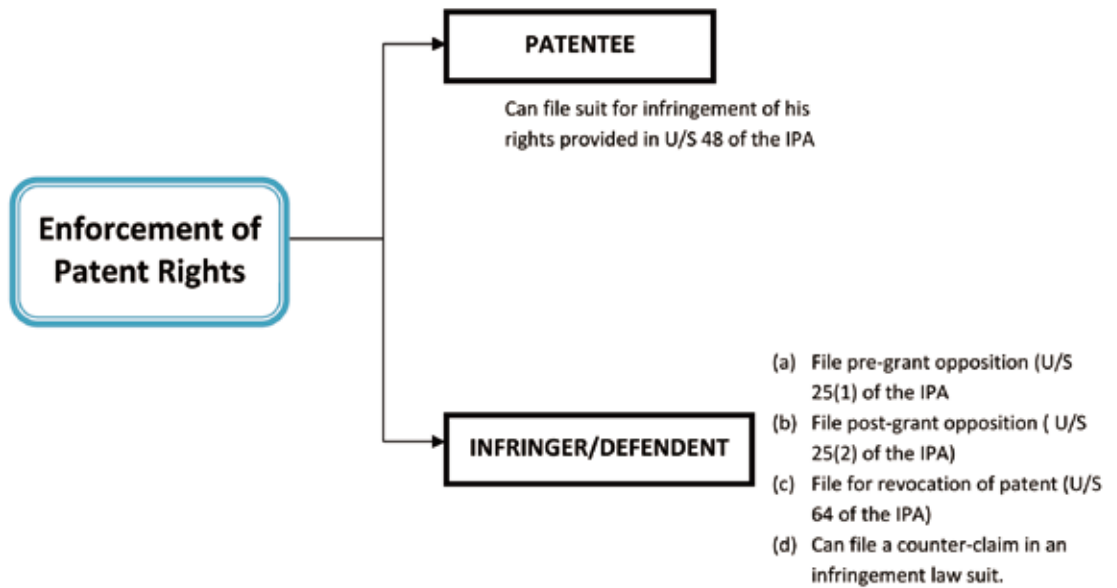
Where any person (whether entitled to or interested in a patent or an application for patent or not) threatens another person with proceedings for infringement of a patent, the person aggrieved may bring a suit against him/her for the following relief:

1. a declaration that the threats are unjustifiable;
2. an injunction against the continuance of such threats; and
3. such damages as he/her has sustained thereby.

For the grant of an injunction, the burden of proof lies on the plaintiff to show that a *prima facie* case has been made out.

Overview of the Patent Enforcement System in India





IPAB is an administrative body that has the appellate jurisdiction over the decision of the Controller of Patents. However, IPAB has no statutory powers to trial infringement proceedings. Subject to s 117G of the IPA, all cases that are related to decisions or orders of the Controller which are pending in the High Court must be transferred to IPAB. When Novartis appealed against the decision of the Controller denying the grant of the patent covering a new form (beta crystalline form of imatinib mesylate) of the known drug imatinib mesylate in the High Court, the case was transferred to IPAB. In fact, it was the first case in India that was transferred from the High Court to the IPAB.

Conclusion

Since patent litigation is quite expensive and time intensive, companies should contemplate patent infringement risk at the early stages of research and commercialization of the relevant technology. It is generally recommended that companies may conduct a ‘Freedom to Operate’ analysis to rule out any risk of infringement.

Note:

¹ Unless otherwise specified, all the sections and rules refer to the sections and rules of The Patent Act of 1970.