

PATENT LITIGATION IN INDIA

AN OVERVIEW

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COURT STRUCTURE IN INDIA

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COURT PROCEDURE AND TIMELINES

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IMPORTANT STAGES IN A SUIT

A FEW PRECEDENTS - PATENT LITIGATION IN INDIA

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**PATENT
ENFORCEMENT**

**SUIT FOR PATENT
INFRINGEMENT**

PATENT ENFORCEMENT AND INFRINGEMENT

- Patent can be enforced by civil action by filing a **civil suit**
- No criminal action or passing-off action
- **“Infringement”** includes activities that violate the rights of the patentee conferred under the act.
- Suit for infringement instituted in Principal Civil Court of Original Jurisdiction **[s. 104]**
- If defendant files counter claim, action transferred to high court **[s. 104]**

U/S. 48, THE PATENTEE HAS THE EXCLUSIVE RIGHT TO PREVENT THIRD PARTIES FROM

MAKING

USING

OFFERING FOR
SALE

SELLING OR

IMPORTING

THE PRODUCT OR THE PROCESS IN INDIA, WITHOUT CONSENT.



EXCEPTIONS TO INFRINGEMENT

- ***The bolar exemption [s. 107a]***: 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 any other country
- ***Parallel imports [s. 107a(b)]***: not considered as infringement provided the person from whom patented products are imported is authorized to produce, sell and/or distribute the patented products
- ***Government use of patents [s. 47(1),(2)]***: a patented article or an article made by using the patented process can be imported by the government for its own use
- ***Research exemption [s. 47(3)]***: any person may use or make a patented invention merely for the purposes of experiment or research or imparting knowledge to students
- Use of patented inventions on ***foreign vessels [s. 49]*** within the territory of India



PROCEDURE FOR GRANT OF PATENT

NO PRESUMPTION OF VALIDITY *[S. 13(4)]*

MULTIPLE SCRUTINY

SEARCHES AND EXAMINATION BY IPO *[S. 6-14]*

PRE-GRANT OPPOSITION *[S.25 (1)]* - “ANY PERSON” (WIDE WINDOW – ANYTIME FROM PUBLICATION TO GRANT)

POST-GRANT OPPOSITION *[S.25 (2)]* - “INTERESTED PERSON *[S. 2(1)(T)]*”(WITHIN ONE YEAR FROM GRANT)

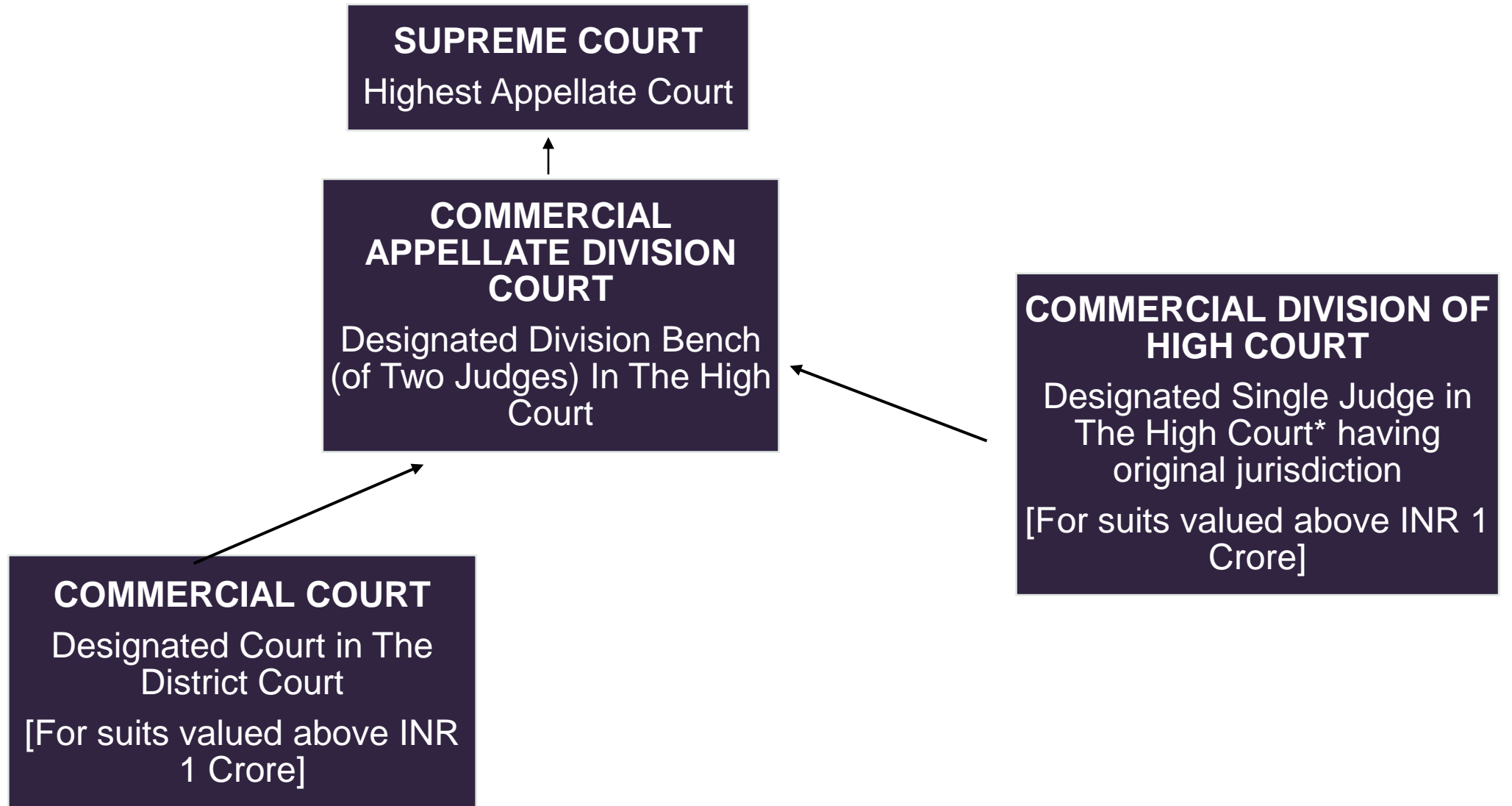
REVOCATION *[S.64 (1)]* - “INTERESTED PERSON” (ANYTIME AFTER GRANT)

COUNTER-CLAIM *[S. 104]* - DEFENDANT IN PATENT INFRINGEMENT ACTION (SUIT)



COURT STRUCTURE IN INDIA

HIERARCHY OF COMMERCIAL COURTS



COURT STRUCTURE IN INDIA

Supreme Court

- Highest Judicial Forum
- Final Appellate Authority
- All Appeals From Orders Of A Division Bench (An Appellate Bench) Of A High Court Or Commercial Appellate Division Of A High Court Lie To The Supreme Court.

High Courts

District Courts

COURT STRUCTURE IN INDIA

Supreme Court

High Courts
(25)

- Each State Has A Designated High Court.
- Some States Share A High Court.
- Appellate, Constitutional And Review Jurisdiction.
- Some Also Have “Original” Jurisdiction – Civil Cases Including For IP Suits Can Be Directly Filed - Delhi, Bombay (Mumbai), Madras (Chennai), Calcutta (Kolkata) And Himachal Pradesh (Shimla).
- All Appeals From The District Court Lie To The High Court.

District Courts

COURT STRUCTURE IN INDIA

Supreme Court

High Courts

**DISTRICT &
SESSIONS COURT
(672)**

- Each State Has Several “Districts” And Each District Has A District & Sessions Court.
- District Court – Civil
 - Under These Are The Courts Of Sub-judges For Civil Matters
- Sessions Court - Criminal Court.
 - Under These Are The Magistrates’ Courts For Criminal Matters.



JURISDICTION IN PATENT SUITS

The background of the slide is a complex network of interconnected nodes and lines, resembling a molecular structure or a data network. The nodes are represented by small circles in various shades of purple, blue, and black, connected by thin, light-colored lines. The overall effect is a dense, intricate web of connections that fills the right side of the slide.

JURISDICTION

BEFORE FILING A SUIT, A PLAINTIFF MUST ENSURE THAT THE COURT HAS BOTH

TERRITORIAL
JURISDICTION

PECUNIARY JURISDICTION

Plaintiff Is Required To Pay An Official Fee To The Court Known As 'Court Fees' - Calculated Based On The Value Of The Suit (Ad Valorem Basis).

AS PER *THE COMMERCIAL COURTS ACT*,

Suits Valued **Above INR 10,000,000 (USD 156,500)** Must Be Filed Before The Commercial Bench Of The Concerned District Court.

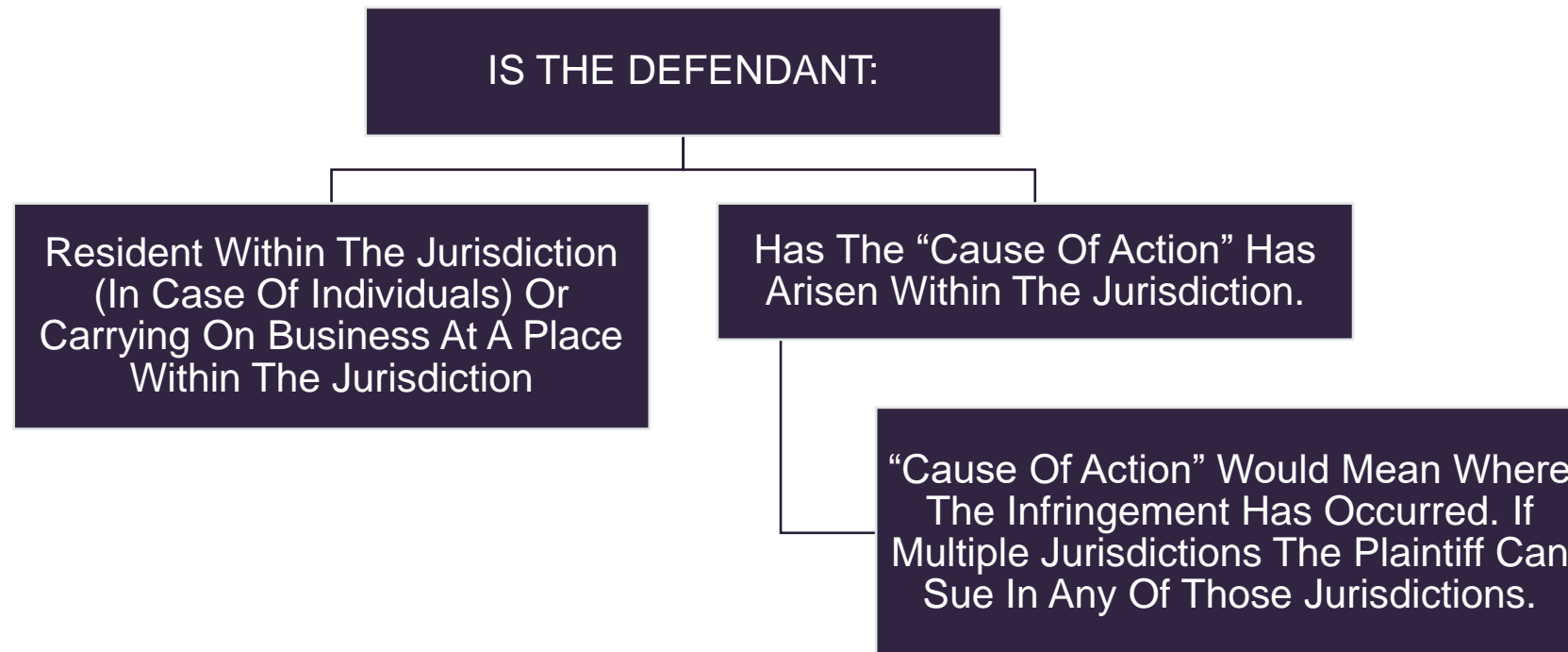
In The Case Of Delhi, Mumbai, Kolkata, Chennai And, Before The Commercial Division Of The Respective High Courts, Since The Above High Courts Also Exercise Original Jurisdiction, For The Aforesaid Cities.

All Suits Valued **Below INR 10,000,000 (USD 156,500)** Must Be Filed Before Ordinary Civil Courts Having Requisite Original Jurisdiction.

TERRITORIAL JURISDICTION

TERRITORIAL JURISDICTION IS DECIDED AS PER **S. 20** OF CIVIL PROCEDURE CODE, 1908.

THE TWO KEY CONSIDERATIONS ARE:



IF IN A PATENT INFRINGEMENT SUIT, THE DEFENDANT CHOOSES TO CHALLENGE THE VALIDITY OF THE SUIT PATENT, THEN SUIT AND COUNTER CLAIM GET TRANSFERRED TO THE APPROPRIATE HIGH COURT.

PATENT INFRINGEMENT ACTIONS – OVERVIEW OF LANDSCAPE

Many important IP cases have been brought before courts in cities like Delhi, Mumbai, Chennai and Ahmedabad. This is primarily because:

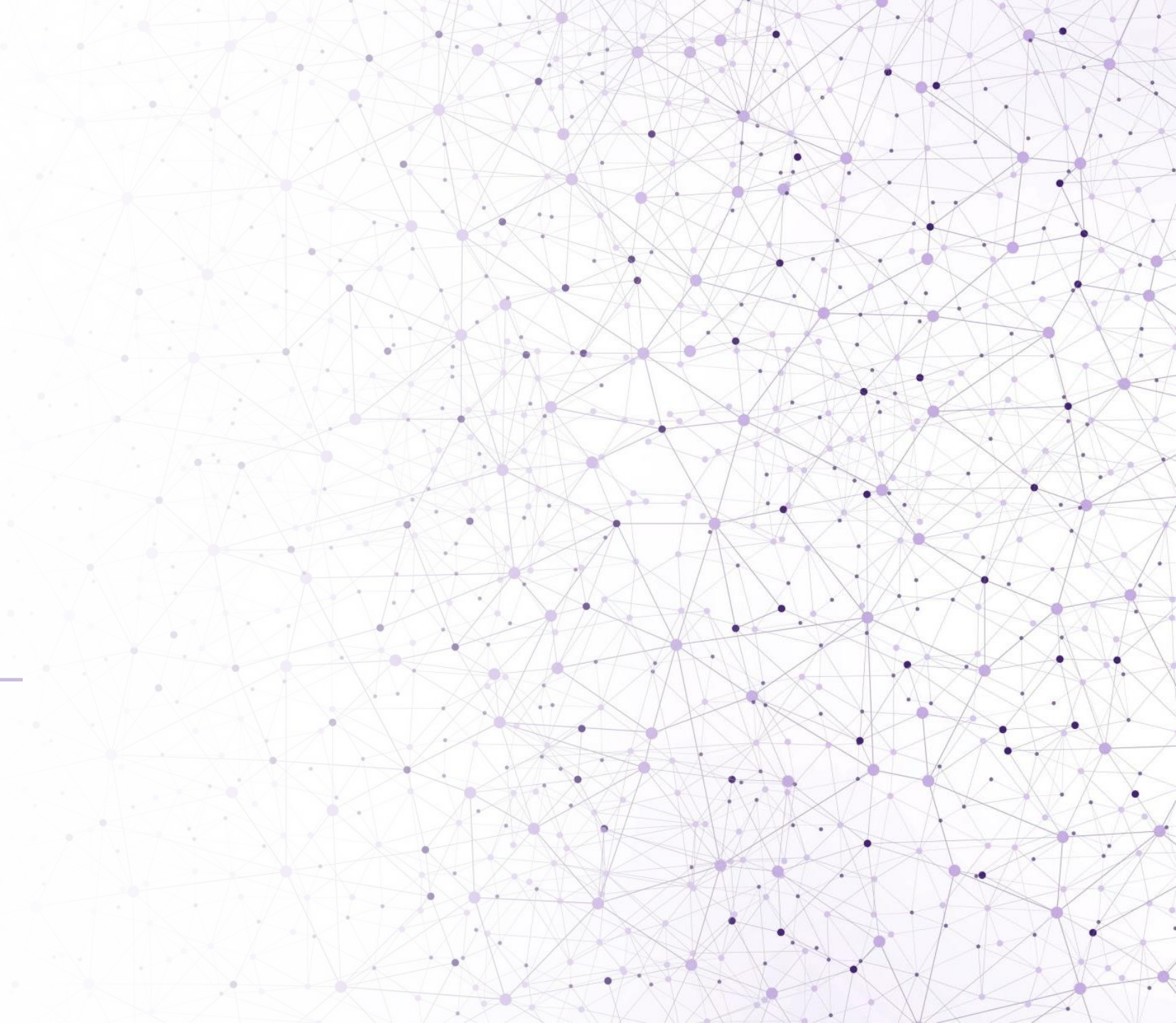
- Many businesses have their registered offices in these cities.
- Infringing products can generally easily be procured in these cities.
- With a valuation exceeding INR 1 crore (USD 156,500), suit can directly be filed before the appropriate commercial divisions of the high courts of Delhi, Bombay and Madras
- Orders for expedited trial granted (as per directions of Supreme Court in Patent cases)

Major cities in India where IPR suits have been filed in the recent past are Delhi, Mumbai, Chennai, Ahmedabad, Bangalore, Hyderabad And Pune.

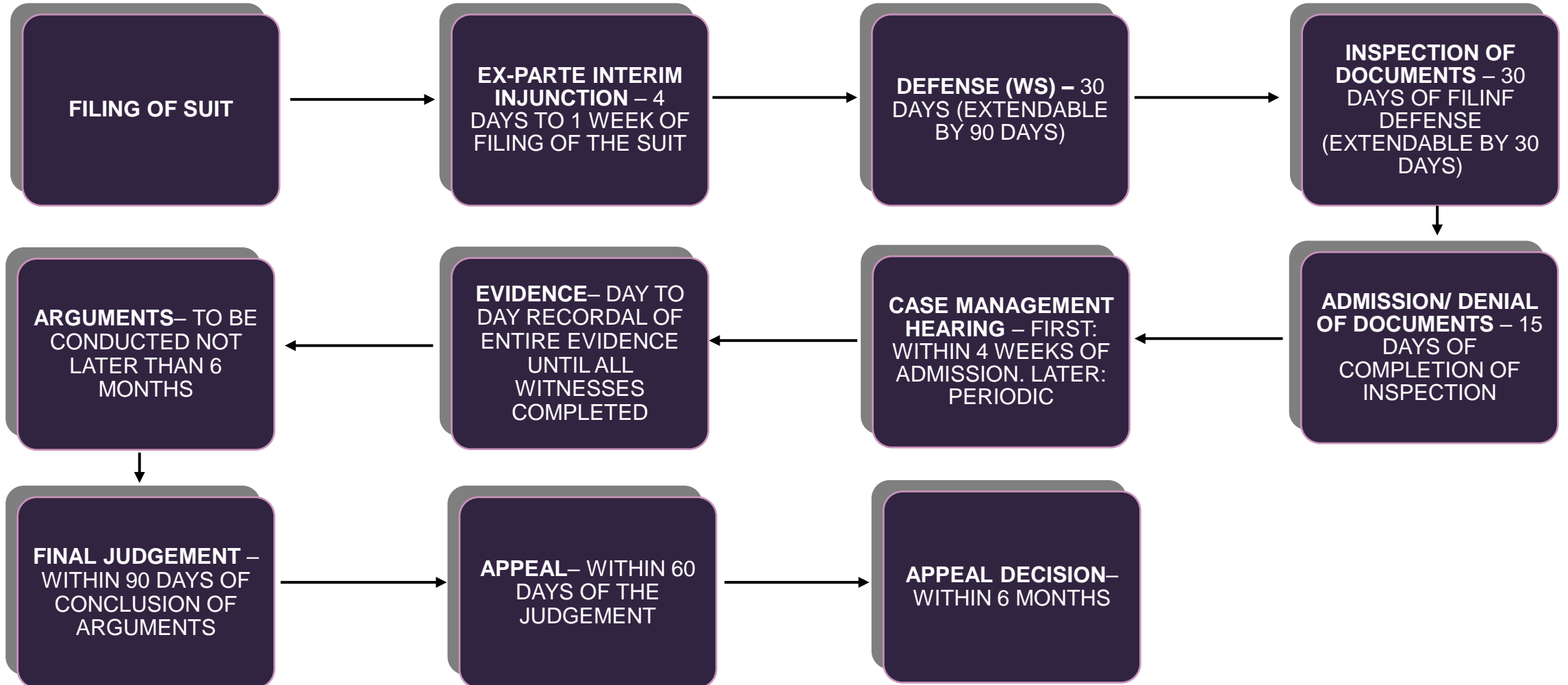
Of these, the Delhi high court is in the forefront in developing IP jurisprudence.



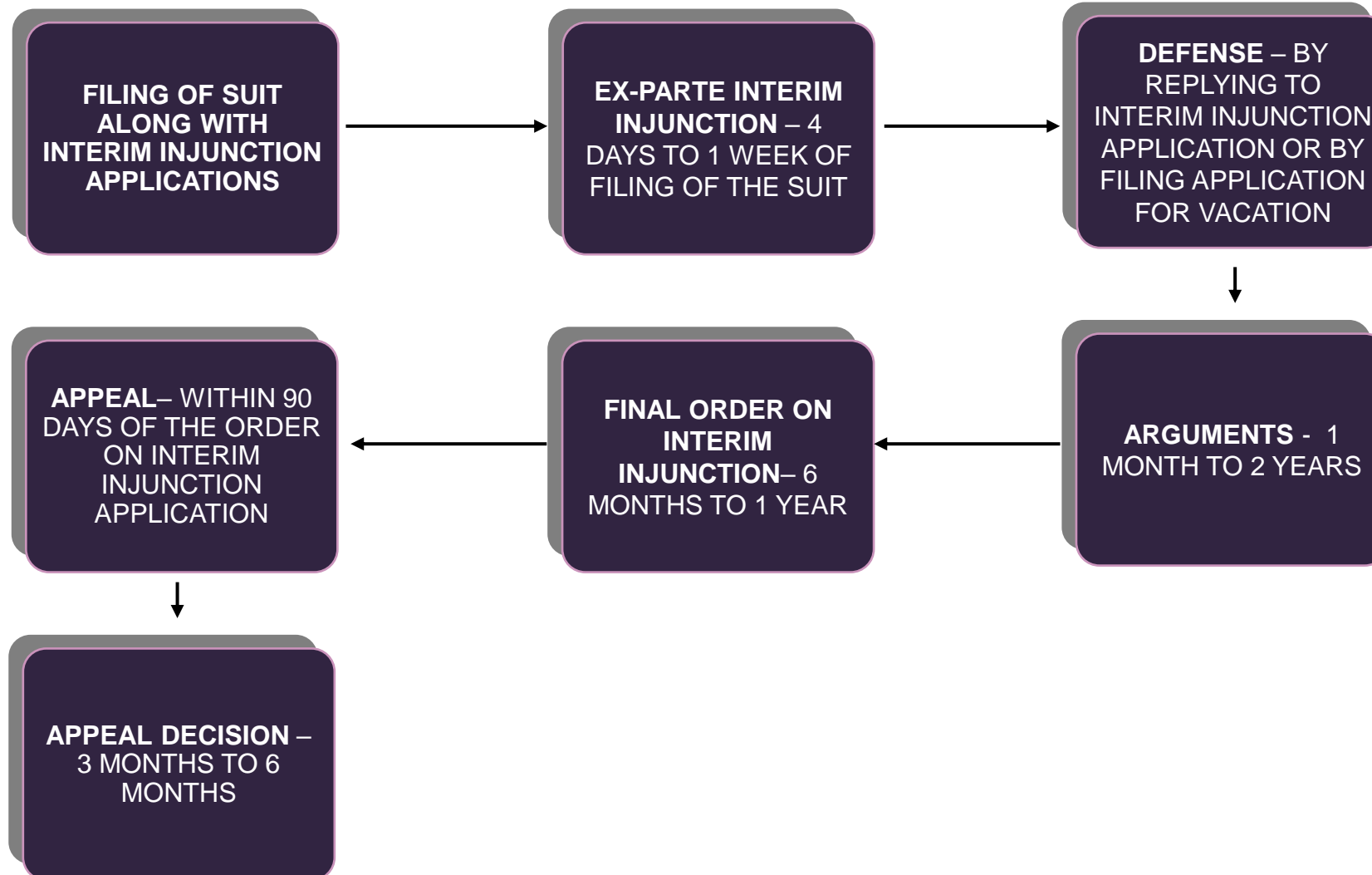
COURT PROCEDURE AND TIMELINES



COURT AT FIRST INSTANCE AND APPEAL



INTERIM INJUNCTION



TYPES OF RELIEFS



PERMANENT RELIEF

1) PERMANENT INJUNCTION AGAINST THE INFRINGER THAT STOPS CONTINUING MISUSE OF THE IPR.

2) MONETARY COMPENSATION TO THE PLAINTIFF BY WAY OF DAMAGES AND/OR ACCOUNTS OF PROFIT BY CALCULATING EITHER LOSSES CAUSED TO THE PLAINTIFF OR PROFITS MADE BY THE DEFENDANT.

ACCOUNTS OF PROFIT *[S. 109]*

RESTRICTION ON GRANT OF DAMAGES/ACCOUNTS FOR PROFITS *[S.111]*

3) DELIVERY-UP AND DESTRUCTION OF INFRINGING MATERIAL.



INTERIM RELIEF

AT THE TIME OF FILING THE CIVIL SUIT, A PLAINTIFF CAN FILE ANY OF FOLLOWING INTERLOCUTORY APPLICATIONS:

- Ex-parte interim injunction which is sought before the defendant enters appearance before the court;
- Interim injunction which is sought after completing arguments by the parties on the interim injunction application;
- Application for appointment of local commissioner (an officer appointed by the court) to visit the premises of the infringer to search and seize infringing products (civil raid);
- Application for discovery by interrogatories;
- Application for deposit of royalties/ bank guarantee; and
- Any other miscellaneous relief needed in the peculiar circumstances of the case.

THE MOST IMPORTANT AMONG THE ABOVE IS THE APPLICATION FOR INTERIM INJUNCTION FOR STOPPING THE DEFENDANT FROM MISUSING THE IPR PENDING FINAL TRIAL OF THE CIVIL SUIT.

INTERIM RELIEF

BEFORE GRANTING AN INTERIM INJUNCTION, THE COURT CONSIDERS THE FOLLOWING:

- Has the plaintiff established a good case on the face of it (prima facie case);
- Balance of convenience. who will suffer greater hardship if an injunction is not granted? how long has the defendant been using the mark? would grant of an injunction be in the interests of the consuming public?
- Will the plaintiff suffer irreparable loss if no injunction is granted?
- The plaintiff has to preliminarily show that the suit patent is valid because under indian law validity is not presumed and is open to challenge till the final term of the patent

TEMPORARY RELIEFS AVAILABLE IN A PATENT ENFORCEMENT

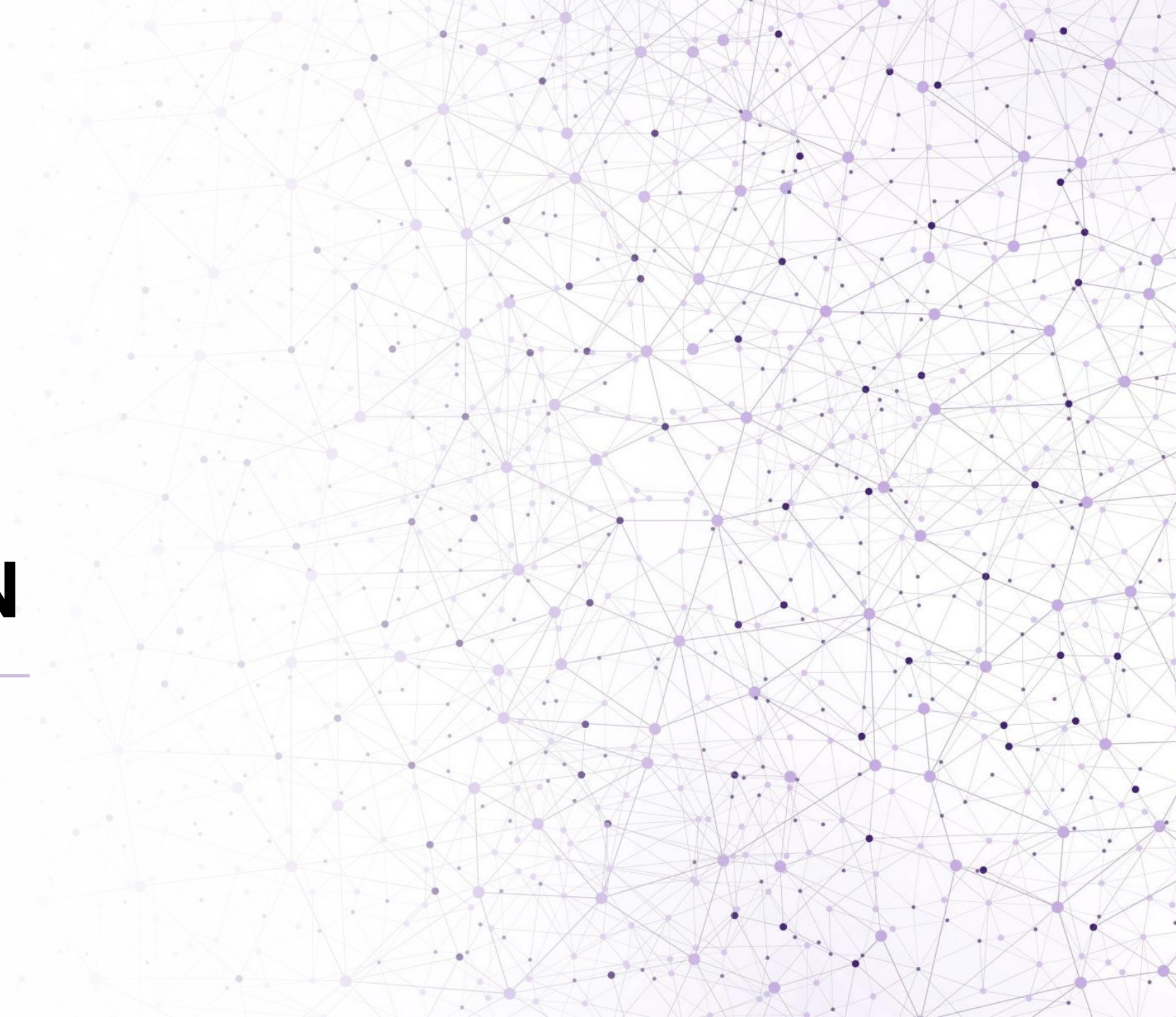
- *INJUNCTIONS – Temporary/ Interim*
 - *Damages/ Accounts For Profits*
- *Seizure, Forfeiture Or Destruction Of Goods***
[ORDER XXVI RULE 9 C.P.C.]

*ANTON PILLER ORDERS - Similar To
Discovery Applications, Used For
Preservation Of Evidence And To Prevent
The Danger Of Destruction Of Evidence*

*MAREVA INJUNCTIONS - Court Orders By
Which Assets Are Frozen So That A
Defendant Cannot Transfer Its Assets
Outside The Jurisdiction Of A Court*



PREPARATION BEFORE FILING ACTION



WHEN CAN THE PATENTEE SUE?

DOES A CLEAR, VALID AND SUBSISTING TITLE TO THE PATENT EXIST?

IS THERE A VALID CAUSE OF ACTION WITHIN THE APPROPRIATE JURISDICTION?

IS THERE DOCUMENTARY PROOF OF INFRINGEMENT ACTIVITIES BY DEFENDANT?

DOES THE PRODUCT/PROCESS FALL WITHIN THE SCOPE OF THE PATENT CLAIMS?

IS THERE EVIDENCE SHOWING INFRINGEMENT ACTIVITY THROUGH SALE OR OFFER OF SALE, MANUFACTURING OR USE OF INFRINGING PRODUCT/ PROCESS IN INDIA, ESPECIALLY WITHIN THE JURISDICTION OF THE APPROPRIATE COURT?

IS THE SUIT APPROPRIATELY VALUED AND THE DAMAGES CORRECTLY CLAIMED?

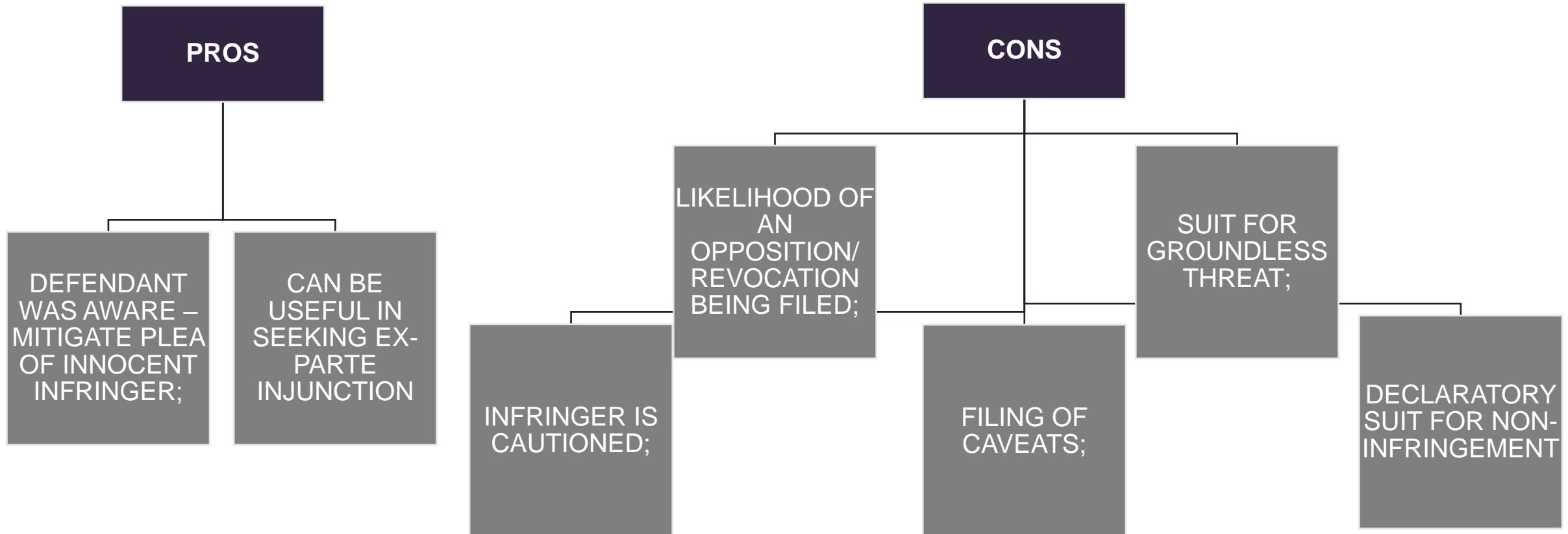
HAS THE INVENTION WORKED IN INDIA ON A COMMERCIAL SCALE?

WHETHER THE SUIT IS WITHIN THE LIMITATION PERIOD PRESCRIBED?

LIMITATION PERIOD IS 3 YEARS UNDER THE PATENT LAW. EVERY ACT UNDER S. 48 IS A FRESH CAUSE OF ACTION. THUS, LIMITATION IS CALCULATED ACCORDINGLY.

LEGAL NOTICE BEFORE INITIATING ACTION – NOT MANDATORY


NORMALLY FOR PATENT INFRINGEMENT, ISSUANCE OF NOTICE IS NOT PREFERRED



OTHER PRECAUTIONARY POINTS BEFORE FILING SUITS

- Electronic documents which are stored, recorded or copied in optical or magnetic media produced by a computer are admissible as evidence under section 65B of the evidence act 1872.
- More than one person responsible for infringement by an organization, then all of them must be made defendants in the suit, or else, there may arise issues at a later stage (including dismissal of suit for non-joinder or mis-joinder of parties).

COLLECTING EVIDENCE FOR ESTABLISHING INFRINGEMENT OF IPR



APPOINT AN
INVESTIGATOR
TO COLLECT
EVIDENCE
COMPRISING
OF
DOCUMENTS -

- Sales invoices of infringing goods / services
- Brochure, website, tender documents of the defendant showing offer for sales
- Details of place of manufacturing, product insert etc., Where the defendant operates— showing proof of manufacturing
- Sales and promotional material like catalogues and pamphlets of the defendant evidencing offer by the defendant to sell, import, offer to sell the infringing goods/ services in India
- Photographs, product samples etc., Showing use of infringing product/process in India
- Conduct periodic market surveys to identify infringing activities



DOCUMENTARY EVIDENCE - CATEGORIES

EXPERT AFFIDAVIT:

The plaintiff can get the product or process of the defendant analyzed by way of comparison with the granted claims of the suit patent by an expert (whether in-house or independent). Such analysis report can be filed along with the suit.

TEST REPORT:

The plaintiff can also get the product or method of the defendant tested from recognized laboratories for the purposes of establishing infringement.

CLAIM MAPPING CHART (INFRINGEMENT ANALYSIS REPORT):

Preparing a claim mapping chart to highlight how the product or process is mapped with the granted claims of the suit patent.

CERTIFIED COPY OF PATENT

– LPD + Complete
Specification;

COPIES OF LICENSES, IF ANY –

can be filed in sealed cover/
redacted copy;

DOCUMENT TO SUPPORT
WORKING OF INVENTION, IF
ANY



IMPORTANT STAGES IN A SUIT



STAGES A SUIT

Suit Pleadings

- Plaintiff with relevant documents by Plaintiff,
- Written Statement by the Defendant
- Replication by the Plaintiff.

Interim Applications

- Injunction
- Discovery
- Appointment of Local Commissioner
- Other miscellaneous relief.

Admission/denial of documents

The parties can either admit or deny the documents filed.

Framing of issues

Court frames issues in the suit.

Trial

- List of witnesses to be filed by both the parties;
- Local Commissioner may be appointed for conducting the cross-examination;
- Filing of evidence of the Witness;
- Plaintiff has a right to begin the cross-examination of Defendant's witness;

Final arguments

After the conclusion of the trial, suit proceeds for the final arguments.

GENERAL ISSUES IN PATENT ENFORCEMENT PROCEEDINGS

TYPE OF ISSUES	COMMON ISSUES	BURDEN OF PROOF LIES UPON
Jurisdictional issues	Does the court have A territorial jurisdiction to try the suit?	Plaintiff
	Did the cause of action arise within the territorial jurisdiction of the court?	Plaintiff
Procedural issues	Whether the suit suffers from delay, laches and acquiescence and if so, to what effect?	Defendant
	Whether the suit has been properly valued for court fee?	Plaintiff
Issues on merit	Whether the plaintiff owns and possesses A valid IPR?	Plaintiff
	Whether the acts of the defendant are infringing plaintiff's IPR?	Plaintiff
	Whether the IPR in the suit is valid (only if the defendant chooses to challenge the validity of IPR)?	Defendant
	Whether the defendant has any prior rights superior to the IPR in the suit and thereby the defendant's activities would not be infringing.	Defendant
	Whether the defendant's activities fall under the exceptions to infringement?	Defendant
	Whether the plaintiff is entitled for grant of an injunction?	Plaintiff
	Whether the plaintiff is disentitled to injunction and damages in view of the facts, circumstances, or conduct of the plaintiff?	Defendant
	Whether the damages claimed are appropriate?	Plaintiff



SETTLEMENT

SETTLEMENT

- At any stage of the suit, the parties may settle the case.
- Parties may settle the matter either through a mediation ordered or facilitated by court – for example, Delhi high court has a mediation centre or through private negotiations.

RECORDAL OF STATEMENT

- Parties can file a joint application, informing the court of the terms of the settlement.
- Court formally takes note of the settlement
- Either decrees the suit (which is the common practice) or permits it to be withdrawn.
- Parties may choose to keep the settlement private
- Plaintiff may simply withdraw the suit without obtaining a decree
- Enforcement of the settlement would be only through filing another suit for breach of the settlement litigants cannot initiate fresh proceedings in the issues which have been withdrawn/settled before court
- The parties to the settlement cannot file an appeal against a decree of settlement

TRIAL PROCEEDINGS

EXAMINATION

- List of witnesses to be filed by the parties to the suit
- Evidence to be introduced in an affidavit or orally in court
- The plaintiff leads the evidence first
- If the defendant has challenged the validity of the patent, the court may direct the defendant to first lead evidence on the counter claim

CROSS-EXAMINATION OF WITNESSES

- Cross-examination is done by the counsel for opposite parties
- The scope of trial in an infringement suit is decided by the issues framed
- No party should lead additional evidence of any witness (*including a witness who has already led evidence*) unless sufficient cause is made out in an application for that purpose and an order giving reasons
- Parties must file the evidence simultaneously with the first case management hearing, unless otherwise permitted by the court
- Additional right to withdraw any of the affidavits filed so far any time prior to the commencement of cross-examination of that witness with no adverse inference being drawn on such withdrawal
- The recordal of evidence is done before a local commissioner
- Commissioner prepares and files its report along with the evidence and the record of the cross-examination proceedings before the court hearing the matter and the court fixes date for final arguments

TRIAL PROCEEDINGS

FINAL PROCEEDINGS

- Case will be listed for final arguments
- The plaintiff is to commence arguments in the main suit & pending applications
- Defendant may seek the leave of the court to argue such application which might affect the outcome of the suit
- Defendant is to commence arguments in respect of the invalidity action first
- Upon completion of the arguments, the court either passes the judgment on the same day or reserves the judgment

JUDGMENTS

- After final arguments conclude, judgment may be pronounced immediately upon conclusion or a future date would be given to pronounce the same.
- Court is required to state the reasons for its conclusion
- Judgment would give its findings decisions on each issue
- Court may not be required to decide all the issues raised, if the decision on some of the issues is sufficient to finally decide the matter.
- Formal “decree” is prepared containing details of the suit and parties and the relief granted.
- Decree must be drawn within fifteen days from date of pronouncement of the judgment.
- Service of judgment on the party against whom the decree may be passed and fulfillment of other procedural requirements

ENFORCEMENT OF JUDGMENTS

ENFORCEMENT OF JUDGEMENTS

- Unless the decree has been stayed in appeal by an appellate court, the next step is to enforce the decree.
- Order 21 of the CPC lays down the execution process.

Defendant **refuses to comply** with the order of permanent injunction, then under **Order 21 Rule 32 of the CPC**, a decree of permanent injunction could be enforced by:

Detention of the defendant in civil imprisonment (if it is a company, its directors will be imprisoned), and/or

Attachment of the defendant's property. If the breach continues despite attachment, the court could direct the property so attached to be sold.

Defendant **fails to pay the amounts decreed**, then under **Order 21 Rule 30 of the CPC**, a money decree could be executed by:

The detention in the civil prison of the defendant (if it is a company, its directors will be imprisoned), and/ or

The attachment and sale of his property.

APPEALS

ANY PARTY DISSATISFIED WITH THE INTERIM ORDERS OR JUDGMENT MADE BY A COURT HAS A RIGHT OF APPEAL TO A HIGHER COURT.

IF THE DISTRICT COURT IS THE COURT OF FIRST INSTANCE, THEN:

For “commercial disputes” (fast track system) the appeal lies to the commercial appellate division of the respective high court.

A further appeal to the supreme court (on question of law), subject to the supreme court granting “leave to appeal”.

For non-commercial dispute, the appeal lies to the designated single judge of the respective high court.

A further appeal to the supreme court (on question of law), subject to the supreme court granting “leave to appeal”.

APPEALS

ANY PARTY DISSATISFIED WITH THE INTERIM ORDERS OR JUDGMENT MADE BY A COURT HAS A RIGHT OF APPEAL TO A HIGHER COURT.

IF A HIGH COURT IS THE COURT OF FIRST INSTANCE:

For “commercial disputes” or transferred suits (relating to patents and designs) the appeal will lie to the commercial appellate division of that high court.

A further appeal to the supreme court (on question of law), subject to the supreme court granting “leave to appeal”.

For non-commercial disputes, the appeal will lie to the division bench of that high court.

A further appeal to the supreme court (on question of law), subject to the supreme court granting “leave to appeal”.

APPEAL TO SUPREME COURT

LIMITATION: Special Leave Petitions (SLP) must be filed within the time period set in the CPC or the applicable rules of the Supreme Court.

QOL: Can be filed only on the 'question of law' and is subject to the supreme court granting a "leave to appeal".

NOTICE: Supreme court will determine if the appeal should be admitted and may issue notice.

ADMISSION: If SLP is admitted, it is converted to a Civil Appeal. If appeal is not admitted, then the decision of the court below will become the final decision.

PROCEED OR REMAND: Appellate court may either hear the matter at length or it may refer it back to the lower court with directions to hear the case afresh (this is called "**remanding the case**")

INTERIM ORDER: Appellate court may pass interim orders staying the decree or order of the lower court, granting injunctions and so on.

MISCELLANEOUS PROVISIONS: Some statutes do not provide for appeals against certain orders and constitutional writ may be filed before the relevant high court to challenge the order.

DAMAGES, COSTS AND COURT FEES

DAMAGES

IPR statutes do not give any process or guidance for calculating damages payable to a plaintiff in infringement cases.

Carried out by courts on a case-to-case basis

Either on the actual losses sustained by a plaintiff due to the acts of infringement or the profits made by the infringer through misuse of the IPR.

Exemplary or punitive damages are usually not awarded in India

COSTS AND COURT FEES

Courts have the discretion to grant reasonable costs relating to legal fees and expenses incurred (including court fees paid) and any other expenses incurred in connection

COURT CAN DIRECT A PARTY TO PAY:

A proportion of the other party's costs;

A stated amount in respect of the other party's costs;

Costs from or until a certain date;

Costs incurred before proceedings have begun;

Costs relating to steps taken in the proceedings;

Costs relating to a distinct part of the proceedings; and

Interest on costs from or until a certain date.



DAMAGES, COSTS AND COURT FEES

The conduct of the parties;

Whether a party has succeeded in part of its case, even if that party has not been wholly successful;

CIRCUMSTANCES CONSIDERED BY THE COURT

Whether a party made a frivolous counterclaim leading to delay in the disposal of the case;

Whether any reasonable offer of settlement was made by a party and the same was unreasonably refused by the other party; and

Whether a party made a frivolous claim and instituted vexatious proceedings wasting the time of the court

AWARDING DAMAGES, COSTS

Koninlijke Philips N. V. & Anr. v. Amazestore & Anr. 2019 SCC Online Del 8198 - two suits filed by Philips, one for infringement of a registered design, and another for infringement of copyright, the Delhi High Court formulated a thumb rule for granting damages, as hereunder:

<i>Degree of mala fide conduct</i>	<i>Proportionate award</i>
<i>(i) First-time innocent infringer</i>	<i>Injunction</i>
<i>(ii) First-time knowing infringer</i>	<i>Injunction + Partial Costs</i>
<i>(iii) Repeated knowing infringer which causes minor impact to the Plaintiff</i>	<i>Injunction + Costs + Partial damages</i>
<i>(iv) Repeated knowing infringer which causes major impact to the Plaintiff</i>	<i>Injunction + Costs + Compensatory damages.</i>
<i>(v) Infringement which was deliberate and calculated (Gangster/scam/mafia) + wilful contempt of court.</i>	<i>Injunction + Costs + Aggravated damages (Compensatory + additional damages)</i>

Court clarified that the chart is illustrative and not a statutory provision. Nevertheless, a cue can be taken from the same for patent suits as well.



INVALIDATION PROCEEDINGS

Counter claim filed by a Defendant in a patent infringement action, under S 104 of the Patents Act

If in a suit before a district court, a defendant challenges the validity of the concerned IP, the suit will be transferred to the commercial division of the relevant high court

COUNTER CLAIM

High Court to try both infringement and invalidity claim together

Both the patent suit and counter claim will be decided vide a common judgement

All grounds under S 64 of the Patents Act would be available to the Defendant



INTERPLAY BETWEEN REVOCATION AND INVALIDATION PROCEEDINGS

U/s. 64 of the patents act revocation proceedings can be filed before the IPD bench of high court

Section 25(2) of the patents act provides for filing of “post grant” opposition before the Indian patent office (IPO) within 1 year of grant

REVOCATION PROCEEDINGS

Section 104 thereof enables a defendant in a suit for patent infringement to counter claim invalidity of the patent. The Supreme Court in ***Alloys Wobben Vs. Yogesh Mehra [2014 (59) PTC 1 SC]*** considered the interplay of these three provisions.

It held that the defendant can choose only one forum for challenging the validity of the patent.

THANK YOU !!