

Patent Infringement in India

Abhijeet Kumar Srivastava

Abstract: A *patent* is used as a protection for an idea or invention of an inventor. The *Indian Patent Trademark Office* issues a patent after the inventor has filed it. A patent term is usually for 20 years from the time the application is filed. Patenting is a time consuming process that can take as long as five years to complete. The process of getting a patent involves filing an application with the Indian Patent and Trademark Office, paying the applicable fees, and responding to office actions. Patents give their owners the right to prevent others from making, using, and selling the patented invention. Patent rights prohibit others from manufacturing the invention in the United States and shipping it outside the country for sale and use. However, this general rule doesn't always fully answer the question of what, exactly, violates this rule. Most inventions are combinations of components or elements. What happens when some of those components are made in India and shipped internationally, where they are combined with the other elements in the invention. Patent infringement is not defined in Indian patent Act, but patent rights are described in the act. Patent right includes making, distributing, mortgaging, or selling the invention in India. Therefore, anything which interferes such patent rights may be considered as infringement of patent rights. Hence, unauthorized making, using, offering for sale, selling any patented invention, or importing into India of patented invention during the live term of a patent may be considered as patent right infringement.

1. Introduction

A patent is used as a protection for an idea or invention of an inventor. The Indian Patents Act 1970 does not specifically define activities that constitute infringement of patents. Section 48 of the Indian Patents Act 1970, however, confers exclusive rights upon the patentee to exclude third parties from making, im- porting, using, offering for sale or selling the patented inven- tion, patented product or patented process. It can therefore be concluded that violation of aforementioned monopoly rights would constitute infringement of a patent. Where the infringer uses all features claimed in the patent but alters one or more unessential features then also it will be an infringement but since it is indirect it is called colourable imitation. Copying the essential features of the invention is some- times referred to as taking the pith and marrow of the invention.

In **RajPrakash v. Mangat Ram Choudhary [1] and ors.**, it was held that the effect of grant of patent is *quid pro quo*. Quid is the knowledge disclosed to the public and Quo is the. Quid is the knowledge disclosed to the public and Quo is the monopoly granted to the patent.

History of Indian Patent System

The first legislation in India relating to patents was the Act VI of 1856. It was passed with the aim to encourage inventions of manufactures and to induce inventors to disclose the secret of their particular inventions. Act IX of 1857 subsequently repealed the Act since it had been enacted without the approval of the sovereign. New legislation for granting 'exclusive privileges' was introduced in 1859 as Act XV of 1859.

Meaning of Infringement under the Patents Act 1970

On general criteria, according to the Indian Patent Act 1970 following acts are deemed to be as infringement:

- Mechanical Equivalents
- Carrying essential features of the invention
- Immaterial variation in the invention
- The colorable imitation of the invention:

Section 104 of the Indian Patent Act, 1970 - Jurisdiction of Patent Infringement cases

A suit for infringement is to be filed in a district court having jurisdiction to try the suit, the jurisdiction is governed by the CPC [Civil Procedure Code] and the cause of action must have arisen in a place within the jurisdiction of the court where the suit is to be filed.

Under section 105 [Power of court to make declaration as to non-infringement] or for any relief under section 106 [Power of court to grant relief in cases of groundless threats infringement proceeding of] or for infringement of a patent shall be instituted in any court inferior to a district court having jurisdiction to try the suit but suit for counter-claim for revocation of the patent along with the counter-claim, shall be transferred to the High Court for decision.

Once the law suit has been filed by the Plaintiff, if the defendant counter-claims for revocation of plaintiff's patent, the suit along with the counter claim is transferred from District Court to the high court because the district court do not have jurisdiction.

Punishment for Infringement Under Civil Procedure Code, 1908

Chapter XX [Sections 118-124] of the Patents Act, 1970, deals with the provisions of penalties. Various parameters have been laid down by the Patent office to impose penalties on any act which were forbidden by Patent law. These penalties are in form of either fine, imprisonment or both. Parameters such as providing false information to patent office, unauthorized claims of Patent rights, failure to furnish information related to working of patent, wrongful use of word patent office, practice by unauthorized person i.e. non patent agents, offence by companies etc. Further, we will also discuss regarding the reliefs in an action for infringement as defined under section 108 of the Patents Act, 1970.

- Unauthorized claim of Patents rights:** shall be punishable with fine which may extend to 1-lakh rupees.
- Contravention of secrecy provisions relating to certain**

Volume 8 Issue 5, May 2019

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inventions: In this case, shall be liable for punishment with imprisonment for a term of which may extend to 2 years or fine or with both.

- **Falsification of entries in register, etc:** punishable with imprisonment for a term which may extend to 2 years or fine or with both.
- **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.
- **Wrongful use of words "patent office":** such offence shall be punishable with imprisonment for a term which may extend to 6 months or with fine, or with both.
- **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.
- **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.

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 for refusal.

Types of Patent Infringement

Patent infringement is any unauthorized manufacture, sale, or use of a patented invention. Patent infringement occurs either directly or indirectly.

- 1) **Direct Patent Infringement:** The most common form of infringement is direct infringement, where the claims of the patent literally describe the infringing invention or the invention performs substantially the same function.
- 2) **Indirect patent infringement:** The second form of patent infringement is indirect infringement, which is broken down into two types:
 - a) **Infringement by inducement** is any activity by a third party that causes another person to directly infringe on a patent. This can include selling parts that can only be realistically used for a patented invention, selling an invention with instructions on using in a certain method that infringes on a method patent, or licensing an invention that is covered by another's patent.
 - b) **Contributory infringement** is the selling of material components that have been made for use in a patented invention and have no other commercial use. There is a significant overlap with inducement, but contributory infringement requires a higher level of guilt. To be contributory infringing the seller must intend for the direct infringement to occur.

In the case of *National Research and Development Corporation*

of Delhi Cloth & General Mills Co Ltd [2], the following principles emerged for the grant of temporary injunction :

- The plaintiff has made out a prima facie case;
- The patent is valid and infringed;
- The patent is sufficiently old and has been worked;
- The balance of convenience is in favour of the injunction is not granted;
- The plaintiff will suffer an irreparable loss if injunction is not granted.

Types of Relief

The type of relief to which a plaintiff is entitled are –

- 1) An injunction restraining further use of the infringing mark.
- 2) Damage or an account of profit
- 3) An order for delivery-up of infringing labels and marks for destruction or erasure.

The plaintiff is entitled to the above relief both in an infringing and passing of action.

Injunction

An injunction is a judicial process or order restraining a person from continuing with wrongful act. the general rules governing the grants of injunction are contained in section 36 to 42 of the Indian Specific Relief Act, 1963 and Order XXXIX Rules 1 & 2 and section 151 (Inherent power of the Court) of the code of civil procedure, 1908.

Injunction may be the following types

Anton piller model: these are ex-parte order. An ex-parte order means an order passed on the application of the plaintiff without giving the defendants a notice of the application. Such a notice would enable the defendant to temper with the evidence of his infringement. The three conditions essential for making an order ex-parte includes: a) there must be a prima facie case in favor of the plaintiff. b) such an order if not granted will cause irreparable damage to the applicant for infringement.

Mareva injunction: In this order the court has power to freeze defendant's assets where there exists a probability of the assets being dissipated or canceled so as to make a judgment against him worthless and un-enforceable.

Interlocutory injunction: this form of injunction is the commonly sought and most often granted from of injunction. The interlocutory injunction it an order of the suit. It can be granted also in cases where no interim injunction was granted. Restraining the defendants from continuance of the acts which amount to infringement. An interlocutory / interim injunction may be granted ex parte that is without notice in cases of urgency. Such ex parte injunction is however granted for a limited period only. The plaintiff is seeking an ex parte interim injunction has to discharge the duty of making full disclosure to the court of all facts which are material to the exercise of the court's discretion whether or not to grant the relief. Grant of interim / interlocutory injunction is discretionary, the

plaintiff or the applicant cannot claim it as a matter of right to have an ex parte order granted in his favour.

Perpetual injunction: Perpetual injunction is an order restraining the defendants totally, for all times to come, from doing any act which infringes the right of the proprietor of the trade mark. Perpetual injunction is generally granted when the suit is finally decided. Perpetual injunction usually follows when the grant of interim injunction against infringement was granted at the beginning of the suit.

Damages / Accounts of Profits

The plaintiff is entitled to the remedy of either damages or an account of profits. The plaintiff is given the option to elect one of them. The plaintiff if an action for infringement may be granted either damages or an account of profits but not both. In an account of profit the infringer is required to give up ill-gotten gains in favour of the plaintiff whose right he has infringed. In case of damages the defendant has to compensate the plaintiff. The damages may even be more than monetary profits reaped by the defendant by the misuse of the plaintiff's mark. The quantum of damages awarded is determined by the quantum of loss actually sustained by the plaintiff which was the natural and direct consequence of the unlawful acts of the defendant. Speculative and unproven damages are also not considered and determining the quantum of damages. In calculating the amount of profits, the damages suffered by the plaintiff is immaterial. The accounts of profit, is made on the basis of actual profit, the defendant has made out of the sale of infringing goods.

Seizure or Forfeiture of Infringing Goods and Implements

Apart from the other reliefs which a court may order that the goods which are found to be infringing and materials and implements which are predominantly used 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.

Right of exclusive licensee to take proceedings against infringement

Section 109 empowers the exclusive licensee to institute a suit in respect of any infringement of the patent committed after the date of the licence.

Right of licensee (under compulsory licence) to take proceedings against infringement

Any person to whom a compulsory licence has been granted under s 84 shall be entitled to call upon the patentee to take proceedings to prevent any infringement of the patent.

Role of Indian judiciary in protecting inventors:

Since the new law came into effect on January 1, 2005, there have been serious concerns regarding the role of the domestic Indian generic industry in the new product patents regime. Infringement litigation will follow a standard civil suit path through the courts, with appellate authority vested in the High Courts and ultimately in the

Supreme Court. Over the years, patent jurisprudence evolved and judgements on patent suits are centered on enforcement of rights of patent holder. Over last 2-3 years number and nature of patent litigation has evolved dramatically. Innovators have not restricted themselves to mere gaining patent protection for their invention, but also aggressively protecting their patent right from being infringed upon by their competitors. Therefore, in recent years, protection and enforcement of patent right are the major points of patent litigation.

In case of **Nikky Tasha India Pvt. Ltd. v. Faridabad Gas Gadgets Pvt. Ltd** [3], it was held that the plaintiff can claim absolute restraint against everyone else from carrying on his business until the plaintiff's design is cancelled in appropriate proceedings by the competent court. In **Bajaj Auto Limited V. TVS Motor Company Limited** [4] dispute over Patent for the Use of Twin-Spark Plug Engine Technology was decided by the Apex Court. The Supreme Court of India by this historic judgment has directed all the courts in India for speedy trial and disposal of intellectual property related cases in the courts in India. **Bayer Corporation Vs. Union of India** [5] the Hon'ble High Court of Delhi held that there is no Drug- Patent Linkage mechanism in India as both the Acts have different objectives and the authority to determine patent standards, is within the exclusive domain of the Controller of Patents. It further held that the market approval of a drug does not amount to infringement of patent. Therefore, the patent infringement cannot be presumed, it has to be established in a court of law. Such adjudication is beyond the jurisdiction of Drug Authorities.

Novartis v. Union of India [6] the decision was on rejection of a patent for a Drug which was not 'inventive' or had an superior 'efficacy'. The Supreme Court rejected their application after a 7 year long battle by giving the following reasons: Firstly there was no invention of a new drug, as a mere discovery of an existing drug would not amount to invention. Secondly Supreme Court upheld the view that under **Indian Patent Act** for grant of pharmaceutical patents apart from proving the traditional tests of novelty, inventive step and application, there is a new test of enhanced therapeutic efficacy for claims that cover incremental changes to existing drugs which also Novartis's drug did not qualify.

In **Bishawanath Prasad Radhae Shyam v. Hindustan Metal Industries** [7], the Supreme Court observed that it is noteworthy that grant and scaling of the patent or controller's be challenged before the high court on various grounds of revocation or infringement proceedings.

Use of Patent by Government Does not amount to Infringement

The Government can authorize any person in respect of an invention either before or after the grant, whether or not the patentee authorizes that person. Where the Government authorizes any person for using an invention for Government

purposes then, unless it is contrary to the public interest, the Central Government shall inform the patentee from time to time, the extent of use of the invention for the purpose of Government. In case of use by a Government undertaking, then the Government may call for such information from the undertaking.

2. Conclusion

The claim of patent by the patentee during the law suits are being tested for the above two aspects. If the court is not convinced with these aspects, in many cases, the patent claim of patent applicant was dismissed by Indian judiciary. Penalties have been introduced in the Patents Act to safeguard the interest of Patent from the illegal activities. Till now we haven't seen any case where patent office has issued penalties or found guilty in doing any misdeed as defined under the act. These penalties are in form of fine or imprisonment or both. Simply winning the legal war is not going to serve the purpose. That win must translate into something good for the business. Otherwise, it is almost a futile fight to establish one's right. That may not be a good idea for businesses. The awareness regarding IP protection is increasing, people are becoming more and more conscious about the ways to secure their patents. A concerned and well informed strategy towards securing ones Intellectual property is always the best approach As the protection of intellectual property is becoming stronger, patentees will surely like to challenge infringement. The troubling part is that procedural issues are getting more importance than the substantive issues. It is high time that procedure is simplified for patent litigation

References

- [1] 1990 F.S.R 181
- [2] 17 R 1985 Delhi 136
- [3] AIR 1985 Delhi 136
- [4] J T 2009 (12) SC 103
- [5] 162 (2009) Delhi 371, special leave to application number: 30145/2014
- [6] Civil application no. 2706-2716 of 2013
- [7] AIR 1982 SC 1944