

National Workshop for High Court Justices on Commercial Laws
at
NATIONAL JUDICIAL ACADEMY INDIA, BHOPAL
(1st & 2nd April, 2023)
on
INTELLECTUAL PROPERTY RIGHTS: INFRINGEMENT & ENFORCEMENT

JUSTICE PRATHIBA M. SINGH
Judge, Delhi High Court

INTELLECTUAL PROPERTY RIGHTS: INFRINGEMENT & ENFORCEMENT

SCOPE OF DISCUSSION

- IPR Infringement: Civil and Criminal Remedy
- Specified Value of IP Suits under Commercial Courts Act
- Arbitrability of Intellectual Property Disputes
- Jurisdiction of Courts in IPR Disputes
- Transfer of suits u/s 7 of Commercial Courts Act
- Culture of “Interim Relief”: Scope & Impact Assessment

IPR INFRINGEMENT: CIVIL AND CRIMINAL REMEDIES

IPR INFRINGEMENT - CIVIL AND CRIMINAL REMEDY

Civil remedies can be largely classified in the following groups:

- ❖ Injunctions
- ❖ Damages
- ❖ Account of profits
- ❖ Delivery up



CIVIL REMEDIES IN IP DISPUTES

Act	Section	Type of Civil Remedies available
Copyright Act, 1957	Section 55	Injunctions, damages, accounts of profits.
Trademarks Act, 1999	Section 135	Injunctions, and at the option of the plaintiff, either damages or an account of profits.
Patents Act, 1970	Section 108	<p>Injunctions, and at the option of the plaintiff, either damages or an account of profits.</p> <p>Also, the plaintiff can also be granted an order for the delivery-up of the infringing labels and marks for destruction or erasure.</p>
Designs Act, 2000	Section 22	Injunction and damages can be awarded.

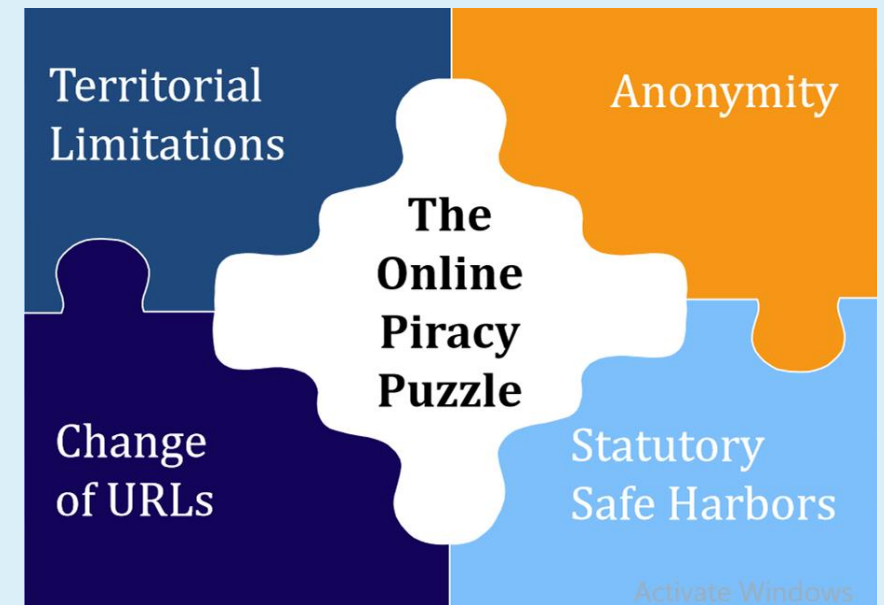
CIVIL REMEDIES: INJUNCTIONS

- ❖ An injunction is a process whereby a party is ordered to refrain from doing or to do particular act or thing.
- ❖ Injunction may be either final remedy obtained by a suit or a preliminary and interlocutory relief granted while the suit is pending. Such as:
 - *ex-parte* injunction
 - interim injunction
 - permanent injunction

MODERN FORMS OF INJUNCTIONS

The courts have molded injunctive reliefs to keep pace with the times. The following are some of the innovative injunctive reliefs granted by Indian Courts:

- ❖ Mareva Injunction
- ❖ Anton Piller Order
- ❖ John Doe Order
- ❖ Dynamic Injunctions
- ❖ Geo blocking and Global injunction



MAREVA INJUNCTION

- ❖ The said injunction derives its name from a UK case, titled ***Mareva Compania Naviera SA v. International Bulkcarriers* [[1980] 1 All ER 213]**
- ❖ Essentially freezes the assets of the defendants.
- ❖ Granted for the purpose of restraining the defendant from moving assets beyond the jurisdiction of Court.
- ❖ The principle of Mareva injunction is seen as an attachment before judgment under Order XXXVIII Rule 5 of Code of Civil Procedure, 1908 ("CPC").



MAREVA INJUNCTION

The jurisdiction to pass a Mareva injunction was recognised in the case of **Mohit Bhargava v. Bharat Bhusan Bhargava [AIR 2007 SC 1717]**. The Court observed:

*"These two orders are certainly within the jurisdiction of the court which passed the decree since they are only orders of restraint being issued to a person from handing over a property in his possession to the judgment-debtor along with the documents concerned and keeping the documents in safe custody. **They are in the nature of a "freezing order" or a "Mareva Injunction" and an order akin to an Anton Piller order, orders that can be issued even if the property or the person concerned is outside the jurisdiction of the court.**"*

ANTON PILLER ORDER

- ❖ Resembles a search warrant.
- ❖ Derives its name from a UK case titled '**Anton Piller KG v. Manufacturing Process Ltd.**' [(1976) 2 WLR 162]
- ❖ It is granted when there is a chance that the defendant may destroy important evidence.
- ❖ Plaintiff, without any notice being given to the defendant, can approach the Court to survey the premises of the defendant for the purpose of securing the said evidence.
- ❖ Order 26 Rule 9, Order 39 Rule 7 CPC

ANTON PILLER ORDER

Bucyrus Europe Ltd vs Vulcan Industries Engineering Co Pvt Ltd, [2005 (30) PTC 279] the Court on a proper appreciation of the ratio in *Anton Piller* observed as follows:

- “(i) where the plaintiff has an extremely strong prima facie case,*
- (ii) where the actual or potential damage to the plaintiff is very serious, and*
- (iii) where it was clear that the defendant possessed vital evidence,*
- (iv) there was a real possibility that the defendant might destroy or dispose of such material so as to defeat the ends of justice,*
- (v) the purpose of Anton Piller order is the preservation of evidence.”*

DYNAMIC INJUNCTIONS

- There was a proliferation of websites which were primarily streaming infringing content. Initially, Courts grant **orders blocking the infringing content with reference to the specific URLs.**

Challenge?

- Though specific URLs were being blocked, the same content easily be moved to a new URL in seconds.
- This led to IP owners to seek coercive remedies, such as blocking of entire websites.
- The Court then looked at whether the predominant content on a website was pirated or otherwise illegal, and, if so, would issue a website blocking order.
- For a few years, orders blocking websites were effective in curbing infringement.
- However, some courts have expressed words of caution

JOHN DOE & DOMAIN NAME PROTECTION

- 'John Doe' injunctions are ex-parte in nature, and issued in those matters wherein the defendant is unidentifiable.
- The Court has granted dynamic injunctions against rogue websites for infringing the well known trademarks. Some examples:

SNAPDEAL – an ecommerce website. [***Snapdeal Pvt Ltd vs Snapdealluckydraws.org.in, CS(COMM) No.264/2020, order dated 20th July, 2020***]

AMUL – Milk products mark.[***Gujarat Cooperative Milk Marketing Federation Ltd. v. AmulFranchise.in, CS(COMM) No. 350/2020, order dated August 28, 2020***]

The Court granted injunctions against all of the websites including certain John Doe Defendants in this case.

Eros International Media Ltd. v. Bharat Sanchar Nigam Limited

[2016 SCC OnLine Bom 10458]

- ❖ Court refused to pass orders for wholesale blocking websites that allegedly hosted illicit links to the movies 'Udta Punjab', 'Great Grand Masti' and 'Dishoom'.
- ❖ An order to block entire website without demonstrating that the entire website contains infringing material cannot be granted.
- ❖ Specific uniform resource locators (**'URL'**) containing infringing material must be identified.
- ❖ Court considered appointment of ombudsman to route all such grievances and complaints relating to infringement.

UTV Software Communications Ltd. v. 1337x.to

[2019 SCC OnLine Del 8002]

- ❖ Expansion from the decision in Eros International Media Ltd.
- ❖ Plaintiffs were companies that created content and produced and distributed cinematographic films.
- ❖ Injunction sought against unauthorized communication of original content/cinematographic films.
- ❖ Defendant websites held to be “rogue websites”. ISPs were also directed to block access to the Defendants’ websites.

UTV Software Communications Ltd. v. 1337x.to

[2019 SCC OnLine Del 8002]

- ❖ The court applied the principle of proportionality - 'fair balance' between the Plaintiff's right to intellectual property and the Defendant's right to trade and freedom of expression
- ❖ It was observed that blocking websites may be antithetical to an open internet but may sometimes be essential to curb illegalities. Thus, putting limits on illegal content online does not violate the principles of 'Open internet'.

UTV Software Communications Ltd. v. 1337x.to

[2019 SCC OnLine Del 8002]

“This Court is of the view that to ask the plaintiffs to identify individual infringing URLs would not be proportionate or practicable as it would require the plaintiffs to expend considerable effort and cost in notifying long lists of URLs to ISPs on a daily basis”



HOW TO DETERMINE WHETHER A WEBSITE IS 'ROGUE'



- ❖ whether the website primarily contains illegal or infringing content;
- ❖ whether the website hides the details of the registrant;
- ❖ whether the website refuses to implement take-down orders;
- ❖ whether the identification of URLs would be burdensome to the plaintiff;
- ❖ whether the website facilitates infringement in any manner by providing details of other infringing websites, directories, etc.;
- ❖ whether the website has adequate volume of traffic.

EXTENSION OF DYNAMIC INJUNCTIONS

- ❖ Post Pandemic era - Dynamic injunctions are now well recognized since 2019
- ❖ As a further extension of dynamic injunctions, recent litigations have shown that newer forms of injunctions and other forms of relief are required to be passed in other circumstances as well.



HT Media & Anr v. Hindustantimes.tech & Anr

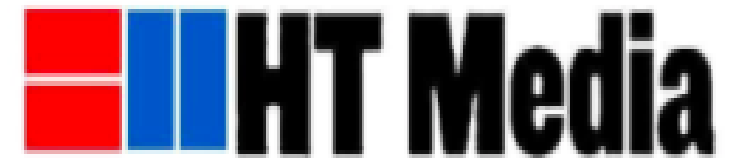
[CS(COMM) No. 352/2022, Order dated 24th May 2022]

- ❖ Petition was filed against Hindustantimes.tech which was offering services identical to HT Media and HT Digital Streams through online and publishing services.
- ❖ Masking of registrant's details under the privacy protection feature was called into question.
- ❖ Government asked to disclose whether Domain Name Registrars (DNR) offering services in India could be brought to disclose the names of the registrars of illegally registered domain names containing well-known trademarks.
- ❖ Ordered blocking of the domain name Hindustantimes.tech by the ISPs and the DNRs

HT Media & Anr v. Hindustantimes.tech & Anr

[CS(COMM) No. 352/2022]

“The manner in which 'WHOIS' details of the registrant of the website 'www.hindustantimes.tech' are completely masked shows that Defendant No.1 has taken enormous pain to not reveal its identity”



Warner Brothers Entertainment v. [http.otorrents.com](http://otorrents.com) & Ors. [CS(COMM) No. 367/2019]



- ❖ Permanent injunction against rogue torrent websites that were distributing, broadcasting and transmitting the content belonging to Warner Brothers.
- ❖ *“The plaintiff is also permitted to implead any mirror/redirect/alphanumeric websites which provide access to the defendants websites by filing an appropriate application, supported by affidavits and evidence as directed in UTV Software. Any website impleaded as a result of such application will be subject to the same decree.”*

A WORD OF CAUTION BY THE COURTS



A WORD OF CAUTION BY THE COURTS...

SNAPDEAL V. GODADDY [CS(COMM) No. 176/2021]

- ❖ The Court did not grant a wide injunction.
- ❖ The court held that the plaintiff has to file petitions in the court against each domain name that it finds to be infringing, even if the process is cumbersome.
- ❖ However, the Court does say that in such cases, the Domain Name Registrars are infringers themselves, and therefore recommends that such Registrars modulate their algorithms in such a way as not to make available potentially infringing domain names.



Versus



Snapdeal Private Limited v. GoDaddy LLC & Ors
[CS (COMM) No. 176/2021]

- ❖ Injunction confirmed against all identified domain names.
- ❖ Injunction against unidentified domain names rejected.



RECENT DEVELOPMENTS

Neetu Singh & Anr. v. Telegram FZ LLC

[CS(Comm) No. 282/2020]

❖ Various Telegram channels unauthorizedly circulating study material for competitive exams authored by the Plaintiff-coaching teacher

❖ Some channels also charged money for sharing

❖ Study material included books written by the Plaintiff and videos of her teaching

❖ 28th July-23rd September, 2020:
Interim orders passed directing Telegram to take down infringing channels, as and when informed by the Plaintiffs



RECENT DEVELOPMENTS

Neetu Singh & Anr. v. Telegram FZ LLC,
[CS(Comm) No. 282/2020]

Decision dated 30th August, 2022:

- ❖ Plaintiff sought disclosure of identity of channel creators from Telegram
- ❖ Telegram directed to submit details of infringing channels including details of devices/ IP addresses/ servers/ networks/mobile numbers, to the Court in a sealed cover for further orders.
- ❖ **On Jurisdiction:** Indian Courts held to have jurisdiction since-

**Plaintiffs reside and
conduct business in
India**

Infringing material
being circulated in
India

Copyrighted works
relate to study
material for
preparation for Indian
examinations

Telegram itself states it
uses cloud computing
- its servers are
accessible anywhere,
including from India

RECENT DEVELOPMENTS

Neetu Singh & Anr. v. Telegram FZ LLC,
[CS(Comm) No. 282/2020]

On Prima Facie Infringement and Remedies:

- ❖ Plaintiffs' works circulated unauthorizedly on Telegram constitute electronic "infringing copies" under the Copyright Act
- ❖ "Plates" used to produce such infringing copies can be seized or ordered for delivery up under Section 58 of the Copyright Act

On Telegram's argument that disclosure violates right to privacy:

- ❖ As per the Supreme Court if there is a law in existence for to justify the disclosure of information and there is a need for the disclosure considering the nature of encroachment of the right then privacy cannot be a ground to justify non-disclosure, so long as the same is not disproportionate and for a legitimate purpose.

RECENT DEVELOPMENTS

Neetu Singh & Anr. v. Telegram FZ LLC,
[CS(Comm)282/2020]

On Telegram being an intermediary, only mandated to disclose originator information in case of specific offences as per the Indian IT (Intermediary Guidelines and Digital Media Ethics), 2021:

“These guidelines do not in any manner obviate the duty of Telegram as a platform to take all effective steps required to protect IP rights, including rights of copyright owners...

*Pertinently, such **production of details of infringing devices or persons or other sources, is not a comment on Telegram’s liability and does not derogate from safe harbour provisions. In fact, it is aligned with the view of Telegram’s claimed role as an intermediary, which claims to act as a conduit of information...***

Section 81 of the IT Act shows that the provisions of the IT Act are supplemental to the provisions of the Copyright Act.”

RECENT DEVELOPMENTS

Neetu Singh & Anr. v. Telegram FZ LLC,
[CS(Comm) No. 282/2020]

Telegram complies with the decision dated 30th August 2022 and discloses names of admins.

Order dated 24th November 2022:

“5.[...] The said data, which is in the form of a chart, has been perused by the Court.

It shows that the names of the admins, the phone numbers, and IP addresses of some of the channels as are available with Telegram have been filed.

Let copy of the said data be supplied to Id. Counsel for Plaintiffs with the clear direction that neither the Plaintiffs nor their counsel shall disclose the said data to any third party, except for the purposes of the present proceedings. To this end, disclosure to the governmental authorities/police is permissible.”

RECENT DEVELOPMENTS

Dabur India Limited v. Ashok Kumar & Ors

[CS(COMM) No. 135/2022]

- ❖ Rogue websites with domain names consisting of the well marks
- ❖ The names of the parties who had registered the domain names were not clear as the Registrars had allowed the Registrants to avail of privacy protect services.
- ❖ *Prima facie* case for the grant of *ex parte* injunction was made out.
- ❖ The Court took notice of the rampant practice of hiding or masking the details by Registrants who impinge upon the rights of owners of trade marks.

RECENT DEVELOPMENTS

Dabur India Limited v. Ashok Kumar & Ors

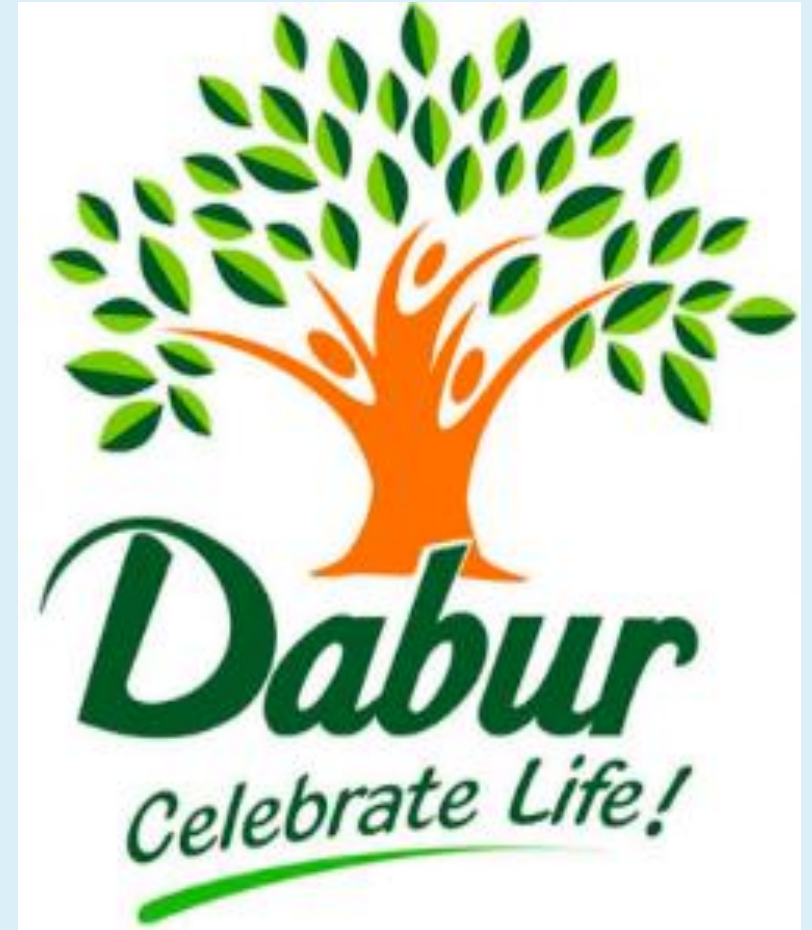
[CS (COMM) No. 135/2022]

- ❖ The Delhi High Court consolidated more than 40 suits involving established and well-known brands and marks. Plaintiffs sought to restrain numerous Defendants from unauthorized use of the Plaintiff's trademarks.
- ❖ Dishonest entities were defrauding unsuspecting members of the public, claiming to be associated with the Plaintiff's.
- ❖ Relevant Government authorities, as well as ICANN and Registrars, were directed to come together and formulate solutions as to how to curb these malpractices by domain name registrants.

Dabur India Limited v. Ashok Kumar & Ors

[CS(COMM) No. 135/2022]

“The internet era has brought various challenges to IP owners and this case is a reflection of the same. The legal rights of the Plaintiff are severely affected. Apart from the rights of the Plaintiff, it would also not be in public interest to permit these domain names to operate, so as to cheat the general public in India”



Government's Stand

- MeITY contacted ICANN- Orders of competent courts have to be given effect;
- IP Division courts had blocked the DNRs who had refused to comply with Indian Court orders.
- One DNR then agreed to comply. Relied upon an US attorney's opinion not to comply
- MATTER PENDING

GEO BLOCKING INJUNCTIONS AND GLOBAL INJUNCTIONS

- ❖ Tradition concepts of jurisdiction may be ill-equipped for omnipresent online content.
- ❖ This necessitates courts to decipher newer ways to grant injunctions at the intersection of unbridled global access to the internet and limitations on free speech.
- ❖ Digital globalization has increased the cases which require extraterritorial injunction.

GEO BLOCKING INJUNCTIONS AND GLOBAL INJUNCTIONS

- ❖ Geo-blocking restricts access to online content based on the user's geographical location.
- ❖ Geo blocking can be circumvented by using VPN
- ❖ Global injunctions have a wider scope as they are necessarily extraterritorial injunctions against online content that defies territory or jurisdiction.
- ❖ They go beyond the removal of URLs limited to a particular geographic location, and allows blocking of offending URLs on a global scale, giving the injunction international effect

Swami Ramdev & Anr. vs Facebook, Inc. & Ors.

[CS(OS) No. 27/2019, decision dated October 23rd, 2019]

- ❖ This case was filed by yoga guru Swami Ramdev in relation to an alleged defamatory video and related content posted and disseminated on the Defendants' platforms
- ❖ The court reasoned that it needed to strike a balance between the right to free speech and expression and the right to privacy (of the aggrieved party in this instance), right to reputation, national security, and threats to sovereignty.
- ❖ As soon as certain content was uploaded from India and was made available globally, Indian courts attained jurisdiction for such content to be removed, not just from Indian domains, but globally.

Swami Ramdev & Anr. vs Facebook, Inc. & Ors.

[CS (OS) 27/2019]

Submissions:

- ❖ Plaintiffs argued that the Court could, in such cases, exercise extraterritorial jurisdiction and impose a global injunction.
- ❖ The Defendants' argued that laws with respect to defamation and interpretation of public interest vary across jurisdictions and a global disabling order would be contrary to the principle of comity of Courts and would result in a conflict of laws.
- ❖ They relied on the preservation of freedom of speech, and that imposition of a global ban would result in muzzling dissent.
- ❖ Further, not having impleaded, either the publisher or the persons who have uploaded the video, the Plaintiff was guilty of misjoinder/non-joinder of necessary and proper parties.

Swami Ramdev & Anr. vs Facebook, Inc. & Ors.

[CS (OS) No. 27/ 2019]

Order:

- ❖ Court issued an injunction against Facebook, Google, YouTube and other online intermediaries, directing them to globally take down URLs which were allegedly defamatory.
- ❖ Detailed analysis of the law on intermediary liability in India under the IT Act, 2000 and the IT Rules, 2011
- ❖ For illegal content which was uploaded outside the Indian territory, the Court directed geo-blocking access and disabling viewership of such content from within India.



Swami Ramdev & Anr. vs Facebook, Inc. & Ors.

[CS (OS) 27/2019]

- ❖ Once removal was ordered, it needed to be complete and not partial in nature.
- ❖ Geo-blocking could be easily circumnavigated by using VPN services, thus rendering the protection given to the aggrieved incomplete.
- ❖ On the question of technical feasibility of blocking content worldwide, the court relied on the reasoning that platforms took down information globally when their own policies or guidelines were violated, thus having the capability to enforce such take downs.



DAMAGES

- Damages and compensation in suits for trademark infringement and patent infringement, a plaintiff is entitled to seek damages or an account of profits.
- In a suit for copyright infringement, the claimant may be entitled to damages, accounts and even conversion damages (unless the defendant establishes that they were not aware and had no reasonable grounds to believe that copyright was being violated).

Type of damages granted:

1. Compensatory damages
2. Punitive damages

COMPENSATORY DAMAGES AND PUNITIVE DAMAGES:

- The award of compensatory damages is **aimed at compensating him for the loss suffered by him** whereas **punitive damages are aimed at deterring a wrong doer** and the like minded from indulging in such unlawful activities.

Justice Sikri in **Microsoft Corporation v. Mr. Deepal Raval, 2006 (33) PTC 122:**

- *“The punitive damages are founded on the philosophy of corrective justice and as such, in appropriate cases these must be awarded to give a signal to the wrong doers that law does not take a breach merely as a matter between rival parties but feels concerned about those also who are not party to the lis but suffer on account of the breach”.*

COMPENSATORY RELIEFS

•**Delivery up or destruction of infringing copies:**

- Infringing goods seized under an Anton Piller order, are considered case property during the suit and if the suit goes to trial, they are liable to be forfeited or destroyed.
- Claimants ask for delivery of infringing goods and where disputes are settled outside court
- infringing materials may also be destroyed, and goods may be returned or donated to charitable organisations.

COMPENSATORY RELIEFS

- ❖ In ***Super Cassettes Industries Private Limited v. HRCN Cable Network*** [2017 SCC OnLine Del 10943], the Delhi High Court granted damages of approximately Rs. 16,20,000 along with attorney and court fees against a broadcaster for un-authorised broadcasting of copyrighted films.

COMPENSATORY RELIEFS

- ❖ ***Hindustan Unilever Limited Vs. Reckitt Benckiser India Limited***, [2014 (57) PTC 495 [Del] [DB] wherein the Division Bench granted punitive damages to the extent of Rs.20,00,000/-

“To award punitive damages, the courts should follow the categorization indicated in *Rookes* (supra) and further grant such damages only after being satisfied that the damages awarded for the wrongdoing is inadequate in the circumstances, having regard to the three categories in *Rookes* and also following the five principles in *Cassell*. **The danger of not following this step by step reasoning would be ad hoc judge centric award of damages, without discussion of the extent of harm or injury suffered by the plaintiff, on a mere whim that the defendant's action is so wrong that it has a "criminal" propensity** or the case merely falls in one of the three categories mentioned in *Rookes* (to quote *Cassell* again - such event "does not of itself entitle the jury to award damages purely exemplary in character").”

CRIMINAL REMEDIES IN IPR DISPUTES

Act	Section	Type of Criminal Remedies
Copyright Act, 1957	Sections 63-70	Imprisonment upto three years, fine, seizure of infringing copies
Trademarks Act, 1999	Sections 103-108	Imprisonment upto three years, fine
Patents Act, 1970	No criminal remedies such as imprisonment provided.	
Designs Act, 2000		



CRIMINAL REMEDIES IN IPR DISPUTES

❖ In **Knit Pro International v. The State of NCT** [2022] 3 SCR 90 (decision dated 20th May 2022) the Supreme Court held that copyright infringement is a cognisable and non-bailable offence under the CrPC.

“Thus, for the offence under Section 63 of the Copyright Act, the punishment provided is imprisonment for a term which shall not be less than six months but which may extend to three years and with fine. Therefore, the maximum punishment which can be imposed would be three years. Therefore, the learned Magistrate may sentence the accused for a period of three years also. In that view of the matter considering Part II of the First Schedule of the Cr.P.C., if the offence is punishable with imprisonment for three years and onwards but not more than seven years the offence is a cognizable offence. **Only in a case where the offence is punishable for imprisonment for less than three years or with fine only the offence can be said to be non-cognizable. In view of the above clear position of law, the decision in the case of Rakesh Kumar Paul (supra) relied upon by learned counsel appearing on behalf of respondent no.2 shall not be applicable to the facts of the case on hand. The language of the provision in Part II of First Schedule is very clear and there is no ambiguity whatsoever.**”

Criminal Remedies: The Jan Vishwas (Amendment of Provisions) Bill, 2022

- The objective of this bill is to increase the 'Ease of Living and Doing Business in India'.
- When it comes to the intellectual property rights statutes, the bill dilutes significant requirements:
- **Copyright Act:** The bill proposes to **remove Section 68 from the Copyright Act**. Section 68 penalises, with imprisonment, persons who make false statements for the purpose of deceiving or influencing any authority or officer.
- **False patent marking:** The bill proposes a whopping ten-fold increase in the fine prescribed for false patent markings i.e. falsely marking products as 'patented' or 'patent pending' under Section 120 (from INR one lakh to INR 10 lakhs).
- **Trade Marks Act and Geographical Indications Act:** The punishment for falsely representing a trade mark or geographical indication as registered has been reduced from imprisonment to fines.
- **New powers to Controller:** The bill also proposes to give new adjudicatory powers to the Controller to impose penalties for any contravention or default under the act.

INTELLECTUAL PROPERTY DIVISION, DELHI HIGH COURT

- ❖ Specific IP benches notified by the Chief Justice, Delhi High Court.
- ❖ IPD would be governed by the Delhi High Court Intellectual Property Rights Division Rules, 2022. Patent suits would additionally be governed by the High Court of Delhi Rules Governing Patent Suits, 2022.
- ❖ Also governed by the Delhi High Court (Original Side) Rules, 2018 and the provisions of the CPC as applicable to commercial disputes and the provisions of the Commercial Courts Act, 2015.

HIGH COURT OF DELHI, NEW DELHI

No. 667 /Original Side/DHC

Date:07 July , 2021

OFFICE ORDER

Consequent upon promulgation of *The Tribunals Reforms (Rationalisation and Conditions of Service) Ordinance, 2021*, Hon'ble the Chief Justice, on the recommendations of the Hon'ble Committee constituted for the purpose, has been pleased to pass the following directions:

1. The Intellectual Property Division (IPD) is created in this Court to deal with matters related to Intellectual Property Rights. The IPD of this Court would deal with following matters: -
 - i. All original proceedings and appellate proceedings including Writ Petitions (Civil), Civil Misc. (Mains), RFA, FAO etc., relating to IPR disputes, except matters that are to be dealt with by a Division Bench.
 - ii. All fresh filings in the various IPR categories would also be dealt with by the IPD.
 - iii. IPR suits, revocation applications, cancellation applications, other original proceedings, appeals from the office of Registrar of Trade Marks, Controller of Patents, Copyright Registrar and all other proceedings which were hitherto maintainable before the IPAB, under the provisions of the Trade Marks Act, 1999; Copyright Act, 1957; Patents Act, 1970; Designs Act, 2000; Geographical Indications of Goods (Registration and Protection) Act, 1999; Protection of Plant Varieties and Farmers' Rights Act, 2001 and Semi-Conductor Act 2000,.

Delhi High Court Intellectual Property Rights Division Rules, 2022

- ❖ The IP Division, comprising three Single Judge Benches, commenced functioning on 28 February 2022. As envisaged, the IP Division will exclusively hear and adjudicate disputes relating to intellectual property rights.
- ❖ The IP Division will exercise original, appellate and writ jurisdiction over such disputes.
- ❖ The Delhi High Court Intellectual Property Rights Division Rules, 2022 (**IPD Rules**), providing the procedural framework of the IP Division, were notified on 24 February 2022. In terms of **Rule 1(ii)**, the IPD Rules shall come into force on such date as the Chief Justice may notify.

Delhi High Court Intellectual Property Rights Division Rules, 2022

❖ The IPD Rules were framed after conducting a thorough comparative analysis of procedures governing the IPR regime in major economies such as the US, UK, EU, Japan and Australia.

Key features include:

Inclusive definition of Intellectual Property Rights (IPR) subject matter. Defined under **Rule 2(i)**, the provision contemplates matters, *inter alia*, relating to:

- ❖ All conventional forms of IPRs such as copyrights, patents, trademarks etc., as also those arising under Traditional Knowledge and common law;
- ❖ Trade secrets, confidential information, privacy and publicity rights;
- ❖ Data protection, rights and liabilities of intermediaries, online market places, e-commerce platforms involving IPR issues.

Delhi High Court Intellectual Property Rights Division Rules, 2022

- ❖ **Rules 15 and 16** provide flexibility and modernity in the Recording of Evidence.
- ❖ Recording of evidence at any venue outside the premises of the Court. Particularly useful in the context of out-of-town witnesses.
- ❖ Use of videography and transcription technology, as also any other modern technology for the recording of evidence is contemplated.
- ❖ Provision has been made for hot-tubbing and the recording of evidence by a Local Commissioner.

Delhi High Court Intellectual Property Rights Division Rules, 2022

- ❖ **Rule 18** provides another tool to protect the interests of litigants.
- ❖ A 'Litigation Hold Notice' (**LHN**) may be issued by a party contemplating litigation. The LHN creates an obligation, on the recipient and issuer, to preserve all documentary, tangible and electronic material capable of being relied upon as evidence in the subject matter of the proceedings sought to be initiated.
- ❖ Proceedings must be commenced within one year of issuance/receipt of the LHN.
- ❖ Such material must be preserved for the length of the proceedings, including appellate proceedings, if any.

Delhi High Court Intellectual Property Rights Division Rules, 2022

- ❖ **Rule 19** makes provisions for confidentiality clubs.
- ❖ The Court may, at any stage, constitute a confidentiality club for the preservation and exchange of confidential information.
- ❖ Such confidentiality club may consist of lawyers, experts and may include nominated representatives of the party(ies) who are not in charge of, or active in, the day-to-day business operations of the party.
- ❖ Permits the filing of redacted information/documents provided that a non-redacted version of the same is filed in a sealed cover.

Delhi High Court Intellectual Property Rights Division Rules, 2022

- ❖ **Rule 20** provides guidance for the computation of damages.
- ❖ The factors contained therein are not exhaustive and include, *inter alia*, profits earned by the infringing party, duration of infringement and quantum of income which the injured party may have earned through royalties/license fees, had the use of the subject IPR been duly authorized.
- ❖ **Rule 26** empowers the Court to consolidate multiple proceedings arising out of the same or related IPR subject matter.
- ❖ The Court may also exercise power under Section 24, Code of Civil Procedure, 1908 to transfer such matter to itself as may be consolidated with other pending proceedings with respect to the same or related IPR subject matter.

Delhi High Court Intellectual Property Rights Division Rules, 2022

- ❖ **Rules 31 and 32** provide for a panel of experts and Law Researchers, respectively.
- ❖ The IPD is empowered to maintain a panel of experts, which may include individuals or institutions. They may be called up to assist the Court on technical aspects as also for matters such as computation of damages.
- ❖ A pool of Law Researchers may be maintained who may possess a degree in any technical field. The primary purpose of such Law Researchers is to assist the Court on technical matters. They will be assigned to the IPD and not individual judges forming the IPD.

TYPES OF CASES IN THE IPD

The jurisdiction to hear all appeals from the various Intellectual Property offices (IPOs), as also original proceedings, now vests with the Delhi High Courts.

The types of cases that would have to be dealt with by the High Courts include:

- ❖ Appeals under IP Statutes
- ❖ Original Petitions
- ❖ Miscellaneous proceedings challenging other orders of the IP Offices.
- ❖ Regular First Appeals (RFA)
- ❖ First Appeal from Order (FAO)
- ❖ Civil Revision Petition (CRP) – under Section 115 CPC
- ❖ Civil Miscellaneous Main [(CM(M)] – under Art. 226/227
- ❖ Execution Appeals (EFA)

High Court of Delhi Rules Governing Patent Suits, 2022

- ❖ In addition to the IPD Rules, the High Court of Delhi Rules Governing Patent Suits, 2022 (**Patent Suit Rules**) were also notified on 24 February 2020. In terms of **Rule 1(ii)**, the Patent Suit Rules shall come into force on such date as the Chief Justice may notify.
- ❖ Specialized rules which will govern patent suits and actions. These are meant to serve as guidance to both, lawyers and litigants, as also the Court for the filing and adjudication of patent suits.
- ❖ They provide specific filing requirements targeted at avoiding inconsistencies and inadequacies from creeping into pleadings and documents.

High Court of Delhi Rules Governing Patent Suits, 2022

- ❖ **Rules 3 and 4** provides a list of information/documents that need to accompany the plaint, written statement and a counter-claim, if any.
- ❖ **Rules 8, 9 and 10** contemplate case management hearings meant to structure and streamline the process of adjudication.
- ❖ **Rule 7** contemplates the filing of briefs including the claim construction brief, invalidity briefs and infringement briefs, among others. The purpose is to present the claims and technology involved in the dispute in a clear and concise manner for the benefit of the Court.
- ❖ **Rule 13** provides for a Panel of Advisors who may be experts in sciences, accountants, economists, etc., **in addition** to the panel of experts and Law Researchers provided for in the IPD Rules.

JURISDICTION OF COURTS IN IPR DISPUTES

Types of Jurisdiction

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graph TD; A[Types of Jurisdiction] --> B[Territorial]; A --> C[Pecuniary]; B --> D[CPC + IP Statutes]; C --> E[CPC + Commercial Courts Act, 2015]
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Territorial

CPC + IP
Statutes

Pecuniary

CPC +
Commercial
Courts Act, 2015

PECUNIARY JURISDICTION OF COURTS IN IPR DISPUTES

COMMERCIAL COURTS (AMENDMENT) ACT, 2018

Salient features of the amendments

- ❖ The pecuniary jurisdiction of Commercial Courts has been reduced **from 1 crore to Rs.3 lakhs**. Thus, the pecuniary jurisdiction of Commercial Courts has now been widened.
- ❖ State Governments have been conferred with the power to constitute Commercial Courts at the District Level, in the states where High Courts exercise original civil jurisdiction.
- ❖ State Governments can specify the pecuniary jurisdiction of these courts, which is to not be less than Rs. 3 lakhs.
- ❖ Under Section 3A, Commercial Appellate Courts in places where Ordinary Original Jurisdiction of High Courts does not exist.

VISHAL PIPES LTD. BHAVYA PIPE INDUSTRY

(FAO-IPD 1/2022, date of decision 3rd June 2022)

- ❖ Usually, in all IPR cases, the valuation ought to be Rs. 3 lakhs and above and proper Court fee would have to be paid accordingly. All IPR suits to be instituted before District Courts, would therefore, first be instituted before the District Judge (Commercial).
- ❖ In case of any IPR suits valued below Rs. 3 lakhs, the Commercial Court shall examine the specified value and suit valuation to ensure it is not arbitrary or unreasonable and the suit is not undervalued.
- ❖ Upon such examination, the concerned Commercial Court would pass appropriate orders in accordance with law either directing the plaintiff to amend the plaint and pay the requisite Court fee or to proceed with the suit as a non-commercial suit.
- ❖ In order to maintain consistency and clarity in adjudication, even such suits which may be valued below Rs. 3 lakhs and continue as non-commercial suits, shall also continue to be listed before the District Judge (Commercial), but may not be subjected to the provisions of the CCA.

TERRITORIAL JURISDICTION OF COURTS IN IPR DISPUTES

Statute	Section	Where can one launch proceedings?
Copyright Act, 1957	Section 62	District Court
Patents Act, 1970	Section 104, 104A	District Court. The suit shall be filed in the district where the cause of action or infringing action arose. If a counter claim is filed seeking revocation of the Patent, the case is transferred to the HC
Trademarks Act, 1999	Section 134	District Court
Designs Act, 2000	Section 22	District Court When a defence is raised of invalidity, matter is transferred to HC.

Jurisdiction-post Tribunal Reforms Act, 2021 (TRA)

Dr. Reddys Lab Ltd. v. Controller of Patents

(2022/DHC/004746, decision dated 10th November 2022)

- Revocation petitions
- Independent right
- Only before HCs
- Which HC?
- Section 64, Patents Act, 1970- person interested, section 2(1)(t)
- Mfg, Research- Paras 73,77,81,82
- Appeals
- Patent Office where application is filed

TERRITORIAL JURISDICTION

Dr. Reddy v. Controller of Patents

Considering the three cases before the Court, the **final conclusion** with regard maintainability of three petitions was decided as follows:

Petitioner/Appellant	High Court	Appropriate Patent office	Maintainable before Delhi High Court?
Dr. Reddy (Revocation petition)	Himachal Pradesh	Delhi Patent Office	Maintainable
Thyssenkrupp (Revocation already filed in IPAB and transferred to MadHC)	Madras High Court	Chennai Patent Office	Not-maintainable
Elta Systems (Appeal)	Bombay High Court	Mumbai Patent Office	Not-Maintainable

SPECIFIED VALUE

Specified Value", in relation to a commercial dispute, shall mean **the value of the subject-matter in respect of a suit as determined in accordance with section 12 of the Commercial Courts Act, 2015** which shall not be less than **three lakh rupees** or such higher value, as may be notified by the Central Government.

As per terms of Section 12 of the 2015 Act:

'specified value' shall be determined based on the suit filed for:

12 (1)(a) – relief for recovery of money = Money sought to be recovered + interest

12(1)(b) - relief relates to Movable property or to a right therein = Market value of the property as on the date of filing

12(1)(c) – relief relates to Immovable property or to a right therein = Market value of the property as on the date of filing

12(1)(d) – relief relates to any Intangible right - market value of the said rights as estimated by the plaintiff.

National Seeds Corporation Pvt. Ltd. v. Ram Avtar Gupta

(2021:DHC:4174-DB, decision dated 14th December 2021)

- ❖ The question before the Court was whether since, the words “*inclusive of interest*” is not explicitly mentioned in Section 12(2) of the Act, unlike Section 12(1)(a) of the Act, whilst calculating the aggregate claim under Section 12(2) of the Act for arbitration matters, interest until the date of filing the Statement of Claim ought to be included or not.
- ❖ The Court held that although the words “*inclusive of interest*” were absent in Section 12(2) of the 2015 Act, full meaning was required to be given the words “*value of the claim*” and accordingly held that interest till the date of invocation of arbitration had to be included, while determining the “*specified value*” under the Act even in respect of arbitration matters.



National Seeds Corporation Pvt. Ltd. v. Ram Avtar Gupta

(2021:DHC:4174-DB)

“10. A reading of the above claim would clearly show that though it was titled as “for future and pendente lite interest”, a claim was clearly made for interest from the date of cause of action, which was stated as the date of completion of work, that is, 15.10.2015, till the date on which the Award is made. This would therefore, be both for interest already accrued till the invocation of arbitration and pendente lite.

11. The portion of interest claimed till the date of invocation of arbitration would therefore, have to be taken into consideration under Section 12(2) of the Commercial Courts Act for determining the “Aggregate Value” of the claim. There is no dispute, in the present case, that when such interest is added, the “Aggregate Value” of the claim would exceed ₹2,00,00,000/- (Rupees two crore) making the petition under Section 34 of the Act beyond the pecuniary jurisdiction of the learned District Court.

12. We, therefore, find no infirmity in the Impugned Order. The appeal is, accordingly, dismissed. However, this shall not in any manner preclude the appellants from instituting a petition under Section 34 of the Act in accordance with law before the Court of competent jurisdiction.”

Vishal Pipes Ltd. Bhavya Pipe Industry

(FAO-IPD 1/2022, date of decision 3rd June 2022)

- ❖ Delhi High Court delivered a judgement on the aspect of Section 12(1)(d) of the 2015 Act.
- ❖ The Court held that all the IPR disputes, irrespective of their valuations, should be listed before the commercial district court judges.
- ❖ Further, if the subject-matter IP in the plaint is valued below 3 lakhs rupees, the Court will examine whether the valuation is correct or not.
- ❖ If the valuation is found to be below 3 lakhs rupees, the suit will be treated as a normal civil suit by the district commercial court.
- ❖ If the valuation is found to be above or equal to 3 lakhs rupees, the suit will be treated as a commercial suit as per Commercial Courts Act.



Vishal Pipes Ltd. Bhavya Pipe Industry

(FAO-IPD 1/2022, date of decision 3rd June 2022)

*“In IPR disputes, the relief of injunction or damages may be valued by the plaintiff, at an amount lower than the sum of Rs.3 lakhs and Court fee may be paid on that basis. If such valuation is permitted, despite some objective criteria being available for valuing IPR - in the CCA - it would defeat the very purpose of the enactment of special provisions for IPR statutes and the CCA. **These statutes would have to be harmoniously construed i.e., in a manner so as to further the purpose of the legislation and not to defeat it. Thus, it would be mandatory for IPR suits to be ascribed a ‘specified value’, in the absence of which the valuation of the suit below Rs.3 lakhs would be arbitrary, whimsical and wholly unreasonable. In this view, intellectual property rights being intangible rights, some value would have to be given to the subject matter of the dispute as well.** The Court would have to take into consideration the ‘specified value’ based upon not merely the value of the relief sought but also the market value of the intangible right involved in the said dispute.”*

K. Srimannarayana Murthy v. Agastya Sagar

(CRP No. 21/2021, decision dated 7th Jan. 2022)

The Telangana HC held that Section 12 of the Commercial Courts Act, 2015 mandates the Court to determine the 'specified value', and it does not leave the mandate to the plaintiff.

"16. Section 12 employs the derivatives of the word 'determine', i.e., 'determination' and 'determining'. 'Determine' literally means 'to decide', 'to come to a conclusion'. It is apparent from plain reading of Section 12, it mandates the Court to 'determine' the 'specified value' of the dispute. It does not leave it to the claimant/ petitioner/ applicant to decide. The factors mentioned in clauses (a) and (d) of sub-section (1) and sub-section (2) are intended to aid and assist the Court to 'determine' the 'specified value'. As a corollary, the thrust of the Section is on the Court to 'determine' 'specified value' even when the claimant/petitioner/applicant does not state the value of his claim. The intendment of the Act is clearly discernible from the text and the texture of the provisions."

K. Srimannarayana Murthy v. Agastya Sagar

(CRP No. 21/2021, decision dated 7th Jan. 2022)

“17. The Court is relieved of its assignment to 'determine' when the litigant is fair and honest in his pleadings. **It has onerous responsibility to determine whether the dispute in a given case is a commercial dispute or a civil dispute when the litigant resorts to 'hide and seek', 'pick and choose' the facts he likes to disclose and to suppress/keep back other facts which are germane to decide the jurisdiction.**

18. The legislature seemingly left a vacuum on a situation as in this case. Then the question is, can it be left to the vagaries of litigant and allow him to choose the forum by playing around. When there is a vacuum, seemingly or otherwise, in the statute, Court can take recourse to interpretative process to understand the objective of the Act and intendment of the legislature”.



**TRANSFER
UNDER SECTION 7 OF THE COMMERCIAL
COURTS ACT, 2015**

TRANSFER OF CASES U/S 7 OF THE COMMERCIAL COURTS ACT, 2015

❖ **Section 7** deals with jurisdiction of Commercial Divisions of High Courts.

All suits and applications relating to commercial disputes of a Specified Value filed in a High Court having ordinary original civil jurisdiction shall be heard and disposed of by the Commercial Division of that High Court.

❖ **Section 7, second proviso:**

“Provided further that all suits and applications transferred to the High Court by virtue of sub-section (4) of section 22 of the Designs Act, 2000 (16 of 2000) or section 104 of the Patents Act, 1970 (39 of 1970) shall be heard and disposed of by the Commercial Division of the High Court in all the areas over which the High Court exercises ordinary original civil jurisdiction”.

S.D. Containers Indore v. M/S. Mold Tek Packaging Ltd (2021) 3 SCC 289

- Supreme Court decided on a issue where an appeal was filed against the order of the MP High Court which set aside the order passed by the Commercial Court, Indore. Here, a suit under Section 22(4) of the Designs Act, 2000 was sought to be transferred from MP HC to Cal HC.

*"It is pertinent to mention that Section 7 of the 2015 Act only deals with the situation where the High Courts have ordinary original civil jurisdiction. There is no provision in the 2015 Act either prohibiting or permitting the transfer of the proceedings under the 2000 Act (Designs Act) to the High Courts **which do not have ordinary original civil jurisdiction**. Further, Section 21 of the 2015 Act gives an overriding effect, only if the provisions of the Act have anything inconsistent with any other law for the time being in force or any instrument having effect by virtue of law other than this Act. Since the 2015 Act has no provision either prohibiting or permitting the transfer of proceedings under the 2000 Act, Section 21 of the 2015 Act cannot be said to be inconsistent with the provisions of the 2000 Act. It is only the inconsistent provisions of any other law which will give way to the provisions of the 2015 Act."*

S.D. Containers Indore vs M/s. Mold Tek Packaging Ltd (2021) 3 SCC 289

“In terms of Section 22(4) of the 2000 Act, the defendant has a right to seek cancellation of the design which necessarily mandates the Courts to transfer the suit. The transfer of suit is a ministerial act if there is a prayer for cancellation of the registration. In fact, transfer of proceedings from one Bench to the Commercial Division supports the argument raised by learned counsel for the Appellant that if a suit is to be transferred to Commercial Division of the High Court having ordinary original civil jurisdiction, then the Civil Suit in which there is plea to revoke the registered design has to be transferred to the High Court where there is no ordinary original civil jurisdiction.”



ARBITRABILITY OF INTELLECTUAL PROPERTY DISPUTES

ARBITRABILITY OF INTELLECTUAL PROPERTY DISPUTES

COMMON FEATURES OF IP DISPUTES	COURT LITIGATION	ARBITRATION
INTERNATIONAL	Multiple proceedings under different laws, with risk conflicting results. Possibility of actual or perceived home court advantage of party that litigates in its own country.	A single proceeding under the law determined by the parties. Arbitral procedure and neutrality of arbitrator can be neutral to law, language and institutional culture of parties.
TECHNICAL	Decision maker might not have relevant experience	Parties can select arbitrators with relevant experience
URGENT	Procedures often drawn out Injunctive relief available in certain jurisdictions.	Arbitrators and parties can shorten the procedure. WIPO arbitration may include provisional measures and does not preclude seeking court ordered injunction.
REQUIRE FINALITY	Possibility of appeal	Limited appeal option
CONFIDENTIALITY/ TRADE SECRETS AND RISK OF REPUTATION	Public proceedings	Proceedings and award are confidential

Booz-Allen & Hamilton Inc v. SBI Home Finance Ltd.

[2011] 7 SCR 310, decision dated 15th April 2011

IP disputes can be divided into:

- ❖ Involving the right in rem (e.g. the infringement suits, the validity of IP rights, etc.)
- ❖ Involving subordinate right in personam which arises from a right in rem (e.g. right to receive royalty, licensing right, etc)

Test of arbitrability:

- ❖ rights in personam - amenable to arbitration
- ❖ rights in rem - adjudicated by courts and public tribunals.

“Disputes relating to subordinate rights in personam arising from rights in rem have always been considered to be arbitrable”.

ARBITRABILITY OF INTELLECTUAL PROPERTY RIGHTS

The Hon'ble Supreme Court in the judgement of **Ayyasamy v. A. Paramasivam & Ors., (2016) 10 SCC 386** categorized intellectual property disputes such as disputes arising out of patent, trademark, and copyright disputes as non-arbitrable disputes.

In **Lifestyle Equities CV v. QD Seatoman Designs Pvt. Ltd. 2017 (8) MLJ 385**, the Madras High Court held that while a patent right may be arbitrable, the very validity of the underlying patent is not arbitrable. It further held that the dispute between the companies related to trademarks was arbitrable in the present lis.

"In other words, our finding is that the disputes that have arisen between the parties are arbitrable subject of course to the Arbitral Tribunal to be constituted by the Hon'ble Supreme Court of India ruling on its own jurisdiction inter-alia under Section 16 of A and C Act."



ARBITRABILITY OF INTELLECTUAL PROPERTY RIGHTS

- In ***Lifestyle Equities v. Q.D Seatoman Designs Pvt. Ltd.***, the Division Bench held as follows:
- “5(t) We also notice that the learned Single Judge has dealt with the rival submissions on this aspect of the matter and summarized the findings returned by the Court. Learned Single Judge has held that there is no quarrel with the proposition that the grant of registration of a copyright or design under the relevant statutes can be achieved through/only by statutory authorities constituted under the respective statutes. **Learned Single Judge has gone on to hold in the present case that both parties are in reality claiming a better right of usage vis-À-vis the other and that this would clearly bring the facts of the present case within the realm of a right in personam rather than a right in rem. On this aspect of the matter, we have no difficulty in sustaining the finding returned and opinion of the learned Single Judge.**
- At the risk of repetition, while a patent right may be arbitrable, the very validity of the underlying patent is not arbitrable. This has been articulated in Mustill and Boyd in their '2001 Companion Volume to the 2nd Edn. of Commercial Arbitration'. This has also been extracted by the Hon'ble Supreme Court of India in Booz Allen's case and the learned Single Judge has noticed this. **Therefore, to this extent, there is no difficulty in agreeing with the learned Single Judge and holding that the disputes in the instant case as between Lifestyle and QDS are arbitrable.”**

Eros International Media Limited v. Telemax Links India Pvt. Ltd.

(2016) 6 Bom CR 321

“Where there are matters of commercial disputes and parties have consciously decided to refer these disputes arising from that contract to a private forum, no question arises of those disputes being non-arbitrable.”

- ❖ Provisions of the Copyright Act, 1957 and the Trade Marks Act, 1999 do not oust the jurisdiction of an arbitrator.
- ❖ IP rights are still a species of property rights and share much with their more tangible cousins to whom acts such as the Sale of Goods Act, 1930 or the Transfer of Property Act, 1882 apply.

Eros International Media Limited v. Telemex Links India Pvt. Ltd., (2016) 6 Bom CR 321

❖ The issue of infringement of Eros's copyright by Telemex was a finding of fact, which could be determined by an arbitrator. The Court distinguished this from a testamentary proceeding where a will is sought to be proved, or winding up proceedings that ensure for the entire body of creditors.

❖ If one were to completely remove IP disputes from arbitration, then in cases where IP rights are transferred or, dealt with, no dispute arising from any such agreement could ever be referred to arbitration and every single arbitration clause in any such document would be void and non est ab initio. The Court recognized that this would have to be so since the decision in Sukanya Holdings would not permit bifurcation of IP disputes.



Vidya Drolia v. Durga Trading Corpn.

[2020] 11 S.C.R. 1001

Test of essentiality for arbitration of IP disputes

A dispute would be non-arbitrable when the cause of action and/or subject-matter of the dispute:

- ❖ relates to actions in rem that do not pertain to subordinate rights in personam that arise from rights in rem;
- ❖ affects third-party rights or has erga omnes effect (i.e., it has implications on the public).;
- ❖ relates to the inalienable sovereign and public interest functions of the State; and
- ❖ is expressly or by necessary implication non-arbitrable under a specific statute.

Indian Performing Right Society Ltd. v Entertainment Network (India) Ltd.

2016 SCC OnLine Bom 5893.

The arbitrator declared that Entertainment Network was not required to obtain a licence from Plaintiff for sound recordings as it had valid licence from the owners of copyright.

The Court observed that:

- ❖ By virtue of the award, Plaintiff had lost its locus in the ownership of copyright in the sound recording.
- ❖ This entailed a determination of the rights of the Plaintiff in rem.
- ❖ Issue about existence of copyrights in musical/literary work and did not tantamount to a dispute in connection with the licence agreement and was not arbitrable.
- ❖ Award set aside on the ground that it violated the public policy of India.

CULTURE OF INTERIM RELIEF: SCOPE & ASSESSMENT

PRE LITIGATION MEDIATION

Section 12A of the Commercial Courts Act, 2015 provides that a suit which does not contemplate any urgent interim relief under this Act, shall not be instituted unless the plaintiff exhausts the remedy of pre-institution mediation in accordance with such manner and procedure as may be prescribed by rules made by the Central Government.

The scope of section 12A of the Commercial Courts Act, 2015 was discussed by the Supreme Court in M/s. **Patil Automation Private Limited v Rakheja Engineers Private Limited (2022 LiveLaw (SC) 678)**. It was held that **that a suit in respect of a commercial dispute filed without attempting mediation would be barred by section 12A and should be rejected except in the cases wherein urgent interim reliefs are sought.**



Chandra Kishore Chaurasia v. R A Perfumery Works Private Limited

FAO (COMM) No. 128/2021

- ❖ A plaintiff seeking to institute a suit involving urgent interim relief(s) is not required to exhaust the remedy of pre-institution mediation under section 12A(1) of the Commercial Courts Act, 2015.
- ❖ The question whether a plaintiff desires any urgent relief is to be decided solely by the plaintiff while instituting a suit.
- ❖ The court may or may not accede to such a request for an urgent interim relief. But that it not relevant to determine whether the plaintiff was required to exhaust the remedy of pre-institution mediation.



Section 12A:

Bolt Technology DU v. Ujoy Tech Pvt. Ltd.

(CS(Comm) no. 582/2022, decision dated 29th August 2022)

- Relevant considerations
- Whether any legal notice was issued
- Whether settlement was explored or suggested in communications
- How did the Defendant respond?
- Unending exploration of mediation is not possible
- If a bonafide attempt is made, it is enough.

QUIA TIMET ACTION

- ❖ These injunctions are granted in cases where the infringement of the Intellectual property has not yet occurred but there is a strong possibility for its occurrence.
- ❖ The applicant has to show reasonable apprehension that the illegality is on the verge of occurring, and will most certainly happen unless there is intervention by the Court, by way of granting an order of injunction.

Conditions to be fulfilled for quia timet injunction:

- Proof that the apprehended damage whenever occurs would be huge and substantial.
- Proof that the apprehended damage whenever occurs would be huge and substantial.

Super Cassette Industries Ltd. v Myspace Inc.

(MIPR 2011 (2) 303)

The Court held that the principle of Quia Timet is applicable to any tortious liability wherever there is an apprehension of infringement that is likely to happen.



Teva Pharmaceutical Industries v. Natco Pharma

(2014) 212 DLT 321

- ❖ A quia timet action cannot be brought on speculation in the hope that sufficient facts may be gleaned on discovery that will support the allegations made in the pleadings
- ❖ The statement of claim must allege a deliberate expressed intention to engage in activity the result of which would raise a strong possibility of infringement; the activity to be engaged must be alleged to be imminent and the resulting damage to the plaintiff must be alleged to be very substantial if not irreparable; and, finally, the facts pleaded must be cogent, precise and material

CULTURE OF INTERIM RELIEF

- ❖ In the judgement of ***Midas Hygiene Industries (P) Ltd v. Sudhir Bhatia***, (2004) 3 SCC 90 it was held that in cases of infringement either of trade mark or of copyright, normally an injunction must follow. Mere delay in bringing action is not sufficient in such cases. The grant of injunction also becomes necessary if it prima facie appears that the adoption of the mark was itself dishonest.
- ❖ It is entirely wrong in vacating that injunction merely on the ground of delay and laches.
- ❖ The grant of injunction also becomes necessary if it prima facie appears that the adoption of the mark was itself dishonest.



Lakshmikant V. Patel v.
Chetanbhai Shah

(2001) Supp. 5 SCR 435

“A refusal to grant an injunction in spite of availability of facts, which are prima facie established by overwhelming evidence and material on record, occasions a failure of justice, and such injury to the Plaintiff would not be capable of being undone”



Laxmikant Patel v. Chetanbhai Shah & Anr.

(2001) Supp. 5 SCR 435

- ❖ Where there is probability of confusion in business, an injunction will be granted even if the defendants adopted the name innocently.
- ❖ The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith.
- ❖ The three elements of passing off action are the reputation of goods, possibility of deception and likelihood of damages to the plaintiff.
- ❖ The principle, which applies to trade mark, is applicable to trade name.

Laxmikant Patel v. Chetanbhai Shah & Anr.

AIR 2002 SC 275

- ❖ Plaintiff does not have to prove actual damage in order to succeed in an action for passing off. Likelihood of damage is sufficient.
- ❖ Once a case of passing off is made out the practice is generally to grant a prompt **ex-parte injunction** followed by appointment of local Commissioner, if necessary.

ANTI - SUIT INJUNCTIONS

- ❖ Delhi High Court on 3rd May, 2021 issued perhaps the first 'Global Anti-Suit Injunction' or A2SI
- ❖ Strategic business interests generally guide the choice of a particular jurisdiction
- ❖ Overall, Anti-Suit injunctions are unlikely to be a good litigation strategy
- ❖ Ultimate question that arises is 'where will it all end?'

Recent Cases on Patent Infringement Actions

Injunctions for Pharmaceutical Patents

- **Boehringer Ingelheim Gmbh v. Vee Excel Drugs & Ors., 2023:DHC:2271**
- Recently delivered by a Id. Single Judge of the IP Division of the DHC. Ad-interim injunctions vacated and applications under Order XXXIX Rule 1&2 of CPC dismissed with costs.
- While reaffirming the landmark decision of the Supreme Court in ***Bishwanath Prasad Radhey Shyam v. Hindustan Metal Industries, AIR 1982 SC 1444***, it was held that grant of Patent by Controller, not a *prima facie* proof of validity.
- Person interested can challenge the validity of a patent at any stage, when the need arises.
- At the stage of adjudicating an Interim Injunction application, the defendants only need to raise a credible challenge to the validity of the suit patent(s)

Boehringer Ingelheim Gmbh v. Vee Excel Drugs & Ors.

(2023:DHC:2271)

- Primary ground for rejection of Interim Injunction applications: Vulnerability of the suit patent to revocation under Section 64(1)(a): 'prior claiming', a provision unique to India.
- Factors required to establish prior claiming specified by the Court:
 - ✓ i. The said prior patent has to have an earlier priority date than the suit patent being asserted.
 - ✓ ii. The invention claimed in the suit patent needs to be claimed in the earlier patent application.
 - ✓ iii The date of publication of prior patent is irrelevant as long as the priority date is earlier than suit patent.
- Filing of identical Form 27s (Working Statements) also an indicator that the suit patent and earlier patent are covering the same subject matter, which is not permissible.

Boehringer Ingelheim Gmbh v. Vee Excel Drugs & Ors.

2023:DHC:2271

- While reiterating the decision of the Supreme Court in ***Novartis v. Union of India, (2013) 6 SCC 1*** it was held that evergreening of monopoly over patents is impermissible.
- **File Wrapper Estoppel:** Statements made during prosecution of patent application before the Controller and observations made in International Search Reports can make an impact during the adjudication of Injunction applications.
- The guiding principles laid down in ***American Cyanamid Co v Ethicon Ltd [1975] UKHL 1***, for grant of interlocutory injunction need to be made out, even while seeking an interim injunction for patent infringement.

Injunctions in Standard Essential Patents

- The Division Bench of the Delhi High Court in ***Intex v. Ericsson, 2023:DHC:2243-DB*** has recently given a decisive order on injunctive reliefs an SEP holder can seek.
- The obligations imposed by Standard Development Organisations on the holders of SEPs and the relative disadvantage that SEP holders face were enunciated.

Obligations on SEP holders	Disadvantages that SEP holders face
Duty to disclose that patents are SEPs	No choice on whom to give license to
Not withhold access to willing licensees	Cannot seek injunction without prior negotiation
Offer licenses at FRAND rates	Terms of license have to be FRAND

Intex v. Ericsson,

2023:DHC:2243-DB

- Process to be followed by both SEP Holders and implementers set out

Interpretation given in the decision of the CJEU in Huawei v. ZTE

Step 1: SEP holder gives notice of Infringement

Step 2: Implementer shows willingness to obtain FRAND license from SEP Holder

Step 3: Written offer to be made by SEP holder after willingness is expressed

Step 4: Implementer to respond to offer without Delay

Step 5: Written Counter Offer to follow, if implementer rejects offer by SEP Holder

Step 6: If SEP holder rejects counter offer, Implementer is obligated to provide security

Intex v. Ericsson

(2023:DHC:2243-DB)

- Concept of SEP not unknown to Indian Law, especially after the Delhi High Court's Rules Governing Patent Suits, 2022 have been notified
- Injunctive relief may be taken as a recourse, when the prospective licensee is unwilling
- Indirect Method recognized as a sure-shot test for infringement in SEP cases.
- Indirect Method: Where SEP holder proves that their patent maps onto the Standard and admission of implementer that their device conforms to the standard.
- **Silver Bullet**: Injunction can be granted even if infringement of one patent of the portfolio of the SEP holder is prima facie established.

Intex v. Ericsson

(2023:DHC:2243-DB)

- SEP Holder not required to offer individual or country specific patent licenses.
- The mere existence of a pending revocation action not a credible challenge to the validity of the patent. Admissions in counter suits or complaints to CCI can be counterintuitive.
- When the SEP holder is able to make out a prima facie case for infringement, they are entitled to injunctive relief, not limited to deposit with the Court or Bank Guarantees but **payment of entire royalty amount to the SEP Holder.**
- Cases like these are the reason why India is being looked at as a primary jurisdiction for enforcement of SEPs, as **we have strong IPR laws which actually get implemented!**

CULTURE OF INTERIM RELIEF

Interim relief is essential especially in intellectual property disputes;

Usually mischief is by the Defendant;

If prima facie case is made out ex-parte injunction ought to be granted;

Technology is making it easier for defendants to escape;

Most cases injunctions are confirmed finally;

Grant of injunction also brings about quicker settlement;



THANK
YOU !