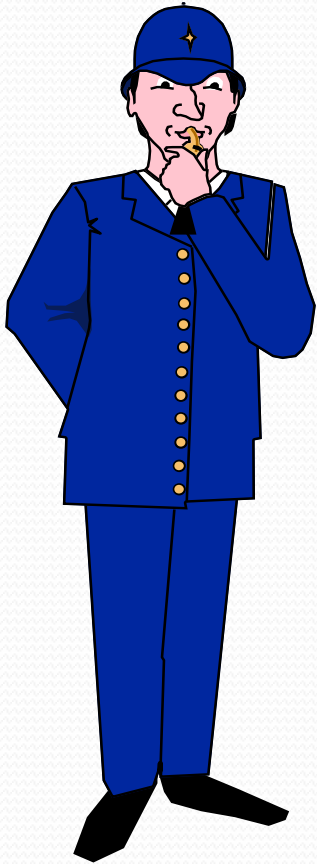


# Role of Judiciary in effective Enforcement of Intellectual Property Rights

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# Various Entities involved



- Legislature – Parliament – Statutory Enactments
- Administrative Machinery – involved in Registration Procedures
- Departments in the Government viz., Police, Customs, Drug authorities etc.,
- Judiciary



# Contribution of the Judiciary



- Most proactive in protecting IPRs
- Since the mid-80s, judiciary has the lion-share in IPR protection
- Has been ahead of the Statutes in most cases & has prompted Amendments therein.

# Issues!

- Disputes-Commercial and Non-commercial
- Pendency rates in courts continues to remain very high
- Reasons:
  - Complex procedures for adjudication
  - Lack of any deterrent against seeking adjournments
  - Easy grant of adjournments
  - No timelines adhered to at various stages of the case viz., filing of defense, filing of documents, filing of evidence, cross examination, raising of frivolous and vexatious objections etc.,

# Commercial Courts in India

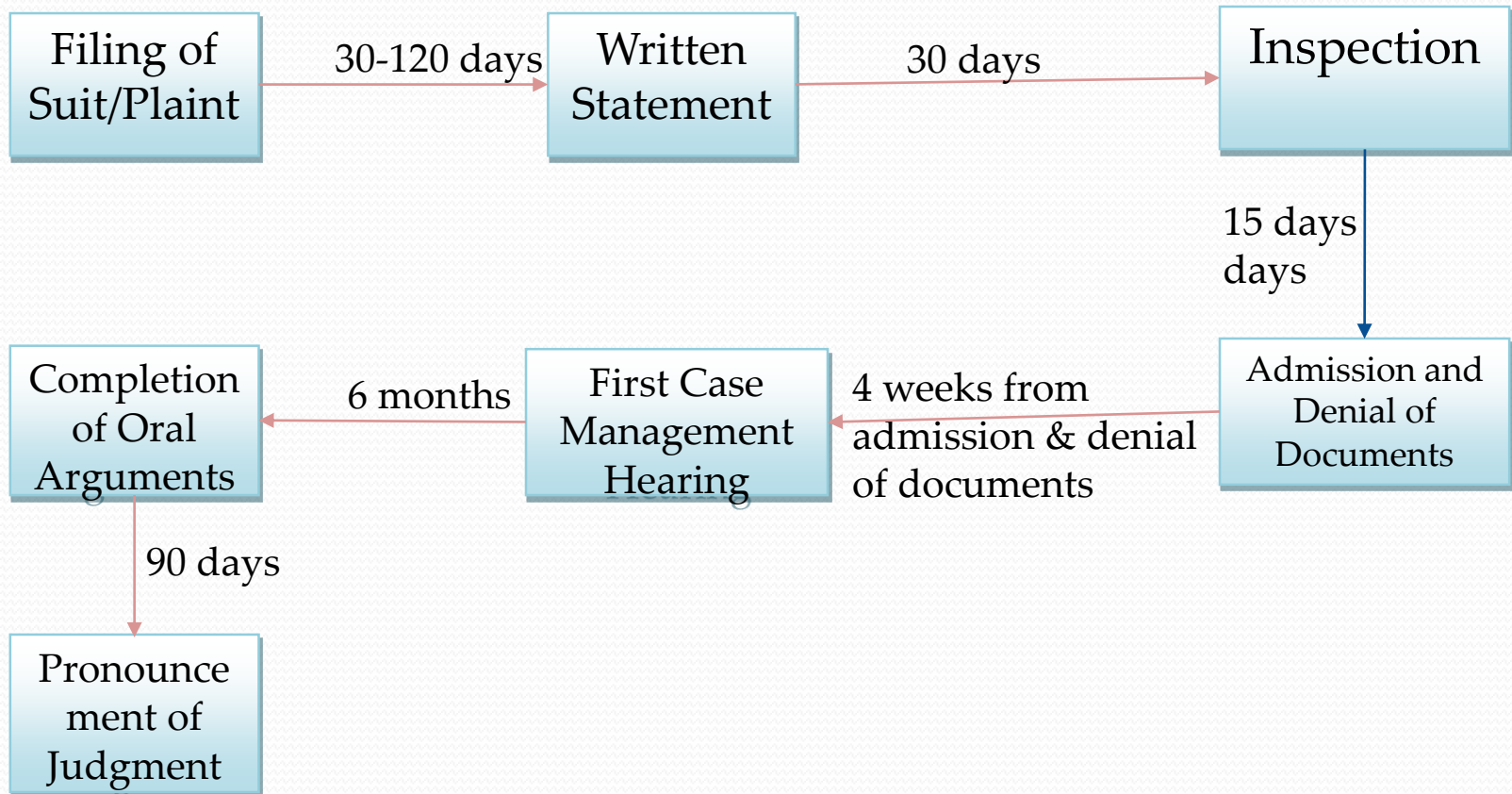
- Establishment of commercial courts not only ensures specialization in such Courts but also ensures that only one part of the judicial system deals with such cases while leaving the major resources for deciding non-commercial cases and private rights of citizens
- The 253<sup>rd</sup> Report of the Law Commission & subsequent interaction and consultation with stake holders resulted in the Commercial Court Ordinance, 2015 being promulgated
- The Act was notified w.e.f. 1<sup>st</sup> January, 2016.
- In the last one year Commercial Courts have been notified by 19 High Courts including Delhi, Bombay, Madhya Pradesh, Andhra Pradesh and Telangana, Gujarat, North-Eastern States except Sikkim, Punjab and Haryana, Chhatisgarh, Himachal Pradesh, Rajasthan, Jharkhand and Goa

# The Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act, 2016

1. Strict Timelines
2. Payment of Costs
3. Streamlined process
4. Introduction of case management hearing
5. Summary Judgment



# The Commercial Courts Act : Strict timelines



# The Commercial Courts Act: Streamlined process

- New and detailed procedures regarding:
- Payment of costs (Section 35)
- Disclosure & discovery of documents(Order XI, Rule 1,)
- Discovery by interrogatories(Order XI, Rule 2)
- Inspection of documents(Order XI, Rule 3)
- Admission and denial of documents (Order XI, Rule 4)
- Production of documents(Order XI rule 5)
- Electronic Records(Order XI rule 6)
- No adjournments for the purpose of filing written arguments (Order XVIII, Rule 3E)



# The Commercial Courts Act: Case management hearing (Order XVA)

- Court to mandatorily hold a meeting between the parties to decide upon a timeline for most important stages in a proceeding like recording of evidence, filing of written arguments, commencement and conclusion of oral arguments
- Court is authorized to pass a wide variety of orders at such case management hearing to ensure smooth and effective disposal of the suit
- Court empowered to dismiss a petition, foreclose the right to make certain pleadings or submissions or order payment of costs in the event of non-compliance of the orders passed in a Case Management Hearing.

# The Commercial Courts Act: Summary Judgment

- Akin to the existing procedure of Summary Suits (Order XXXVII, CPC)
- Principal difference : ability of parties to request for summary judgments in all commercial disputes of Specified Value irrespective of the nature of relief sought and ability to request for such summary judgment at any stage prior to framing of issues
- To ensure that all facets of natural justice are met with, both litigants are asked to provide their individual explanations including documentary evidence as to why a summary judgment should or should not be passed.
- When a Court believes that a claim or defence may succeed but it is improbable for it to do so, it can pass a conditional order against that litigant including but not limited to deposit of a sum of money

# Steps to simplify procedure & minimize delays

- Doing away with the practice of filing original documents
- Lawyers should either seek inspection or file statements to admit or deny documents
- Imposition of exemplary costs/reprimand in case frivolous arguments/issues are raised.
- Summary procedure needs to be revisited in view of the lack of discretion vested in a Judge to pass a summary judgment



## Telefonaktiebolaget LM Ericsson v. Lava International Limited

- The Supreme Court, vide order dated 16<sup>th</sup> December 2015, directed the High Court to decide the suit as expeditiously as possible in view of the time consumed in the settlement talks
- The Delhi High Court vide order dated 9<sup>th</sup> December 2015 held that the **time period prescribed for filing the written statement is mandatory under the Act**
- The suit was filed on 19<sup>th</sup> March 2015, the trial commenced on 28<sup>th</sup> March 2016 and concluded on 20<sup>th</sup> July 2016. The final arguments in the suit were scheduled to commence from 22<sup>nd</sup> August 2016. Owing to lack of benches, there has been a delay.
- Noting the conduct of the defendant, the Hon'ble Delhi High Court imposed cost on the defendant for delaying the trial on two separate occasions vide orders dated 13<sup>th</sup> April 2016 and 10<sup>th</sup> June 2016

# Gulf DTH FZ LLC v Dish TV India Ltd. & Ors (CS (OS) 3355/2015)

- In the context of the Commercial Courts Act which prescribes a mandatory time schedule for completion of various stages in commercial suits, the time for filing the written statement in a commercial suit will, notwithstanding the amendment to the proviso to Order V Rule 1 and the proviso to Order VIII Rule 1 of the CPC, will not get extended beyond the disposal of the application under Order VII Rules 10 & 11 CPC.
- There is no automatic presumption that the time for filing the written statement in a commercial suit is extended up to 120 days even if the Defendant had filed an application before the Court seeking extension of time beyond 30 days. The normal time period for filing written statement even in a commercial suit is 30 days from the date of service of summons. It is only upon filing an application before a Court furnishing valid reasons can the Commercial Court extend the time for filing written statement beyond 30 days.

# Hubtown Limited v. IDBI Trusteeship Service Limited (Commercial Appeal No. 7 of 2016)

- The Appeal under Section 13 of the Commercial Courts Act is maintainable, once the Suits, Petitions Applications and Appeals are transferred and treated as commercial disputes having specified value, where the learned Commercial Division Judge has taken the decision and/or passed the "judgment" and/or "order" or "decree".
- This includes that the subject matter must be commercial dispute having valuation of more than one crore and falls within the territorial and pecuniary jurisdiction of the respective Court and/or Division and/or subject to the specific provisions like the Arbitration and Conciliation Act, read with the special statutes and the provisions so required, referred under umbrella of "commercial dispute" so defined.

# Intellectual Property and Competition Law



- The debate between IP and Competition law is a delicate balance
- Recently, the interplay between IP and Competition Law has been discussed in several cases –
  - SEP cases (FRAND licensing)
  - Copyright cases (JCB, T-Series)
  - Monsanto (Seeds)
  - Automobile parts (some copyright issues, confidential information)
  - SabMiller (Franchising)
  - Microsoft (Copyright licensing)
- Issue of jurisdiction arises when CCI is knocked at for overlapping issues

# Intellectual Property and Competition Law

- Telefonaktiebolaget LM Ericsson v. Competition Commission of India & Anr. 2016(66)PTC58(Del)
- As per the recent Judgement of the Bakhru J., of the Delhi High Court:
- An order of investigation under Section 26(1) is amenable to judicial review;
- CCI cannot determine infringement of patents and invalidity of patents;
- The Patents Act is a special Act and prevails over the Competition Act;
- It is legitimate for a patentee to seek injunctive relief;
- Whilst an agreement which imposes reasonable condition for protecting Patent Rights is permissible, an anti competitive agreement which imposes unreasonable conditions would fall foul of Section 3 of the Competition Act.
- However, there is no repugnancy or conflict between the two Acts – CCI can go into issues of ABUSE OF DOMINANCE.
- **The judgment has started a debate on IP and Competition law & is currently under appeal**



# Interpretation of Section 3(d) of the Indian Patents Act

## Section 3(d) of the Indian Patents Act

The mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant.

Explanation — For the purposes of this clause, salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance shall be considered to be the same substance, unless they differ significantly in properties with regard to efficacy.

- **Novartis v. Union of India** 2013(54)PTC1(SC)
  - Supreme Court interpreted the meaning of “efficacy”- It means ‘the ability to produce a desired or intended result’. New form of a drug must demonstrate an improvement in its therapeutic effect or curative property as compared to the old form in order to secure a patent. Test of efficacy would depend upon the function, ability of the purpose of the product under consideration.
  - Therapeutic efficacy of a medicine must be judged strictly and narrowly
- **F. Hoffman la Roche Ltd and Anr. v. Cipla** 2016(65)PTC1(Del)
  - Section 3 of the Act lays down a threshold for patent eligibility and is not an exception to Section 2(1)(j)
  - Structurally similar derivatives of a known ‘substance’ will also be functionally similar and hence ought not to be patentable.
  - A new chemical entity (NCE) that is structurally dissimilar but functionally similar to an existing chemical entity is thus merely a substance under section 3(d).
  - If the substance has an added layer of enhanced efficacy, then it will be treated as a ‘new product’ and would be eligible for assessment under Section 2(1) (j) to ascertain whether its formation involved an inventive step. If the new product involved one or more inventive step, then it will qualify as a pharmaceutical substance.

# Interpretation of Section 3(d) of the Indian Patents Act



- **Gilead granted patent for Sofosbuvir (vide order dated 9<sup>th</sup> May 2016) :**
  - Claimed compounds are not polymorphs, isomers, salts, etc. of a known compound.
  - Compounds argued to be known substance were hypothetical in nature.
  - Applicant referred to the comparative efficacy data and toxicity data to show that the claimed compound has a unique & novel substitution pattern, and they have both high potency and low toxicity as compared to compounds existing on the priority date
  - An Applicant for patent cannot be required to make a compound which was not in existence as on the priority for showing comparative activities.
  - The test of efficacy would depend upon the function, ability of the purpose of the product under consideration.
  - In the case of a medicine that claims to cure disease, test of efficacy can only be “therapeutic efficacy”.
  - If the substance has an added layer of enhanced efficacy, it will be treated as a ‘new product’.

Claimed compounds were held to be outside the prohibition of Section 3(d).



# Expedited Trial in Patent Cases

- **Glenmark Pharmaceuticals Ltd. v. Merck Sharp and Dohme Corporation & Anr.**
  1. Vide order of the Supreme Court dated 15<sup>th</sup> May 2015, Local Commissioner directed to record evidence on a day-to-day basis
  2. Lack of cooperation by either side to be recorded by the Local Commissioner
  3. Arguments to be heard on a day-to-day basis after recording of evidence
  4. Evidence of the witnesses recorded in 22 days
  5. The final arguments commenced on 6<sup>th</sup> July 2015, concluded on 27<sup>th</sup> August, 2015 and judgment was pronounced on 7<sup>th</sup> October, 2015.
  6. The Supreme Court observed, *“Unusual and extraordinary course of action taken to ensure highly contested commercial cases that require immediate attention are disposed of quickly”*

# Expedited Trial in Patent Cases

- **Bayer Corporation v Cipla Ltd. CS(OS) 523/2010**

The Delhi High Court, vide Order dated 23th July 2010, directed that instead of deciding upon the interim injunction application, the suit should be expedited directly to trial, and to that effect also appointed two scientific advisers under section 115 of the Patents Act for expert opinion.

- **Xu Dejun v.Vringo Infrastructure Inc. FAO(OS) 573/2013**

A Division Bench of the Delhi High Court vide Order dated 12th December 2013 directed that the trial should be expedited. It was further directed that the trial shall be completed within six months from the first day when the matter is listed before the Local Commissioner. The Vringo cases were however settled before the commencement of the trial.



# Trade Secrets in India

- No specific legislation in India governing trade secrets
- The only means through which a trade secret can be protected is by way of a contract. Non disclosure agreements and restrictive covenants are the usually adopted means
- The only source of relief is a civil suit wherein damages can be sought. However, despite the quantum of damages awarded to the Plaintiff Company or individual, the economic loss caused to the plaintiff by the disclosure of the trade secret is usually massive and results in irreparable damage.
- The Delhi High Court in *Sanofi Winthrop Industries v. Kirti B Maheshwari* , after examining various articles incorporated in the Development Services Agreement, particularly Article 6 which dealt with intellectual property and trade secrets adjudged that the dispute between the parties falls within the definition of a “Commercial Dispute” as elaborated in Section 2(1)(c)(ix) and (xvi) to (xviii) of the Ordinance (vide order dated 14<sup>th</sup> December 2015)

# Arbitrability of Intellectual Property Disputes

- Legal claims arising from IP licensing and other commercial transactions are essentially “in personam” disputes- Nothing exists under Indian law which ousts such disputes from arbitration
- Arbitration can avoid parallel litigations and has inherent advantages in dealing with commercial disputes in respect of flexibility, confidentiality & finality
- IP arbitrations are rare because IP disputes frequently do not involve a preexisting contractual relationship. Arbitration, however, requires a contractual agreement to arbitrate



# Arbitrability of Intellectual Property Disputes: Case Law

- **Eros International Media Limited v. Telex Links India Pvt. Ltd.**
- The Bombay High Court on an application under Section 8 of the Arbitration and Conciliation Act, 1996, held that IP disputes arising out of an agreement are arbitrable if such agreement contains an arbitration clause. The Court passed the order in favour of Telex and held that:
  - Provisions of the Copyright Act and the (Indian) Trade Marks Act, 1999 (Trademarks Act) do not oust the jurisdiction of an arbitral panel;
  - Although IP rights are special rights, they 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; and
  - Eros' action is in personam as it is seeking a particular relief against a particular defined party.
- **Under the recently amended Arbitration and Conciliation Act, 2015 an application for setting aside the arbitral award shall be disposed of expeditiously and in any event within a period of one year from the date on which the notice is served upon the other party (Section 34(6))**

# Looking ahead...

- Sufficient investment needed for creation of infrastructure such as setting up of various modern facilities including court rooms equipped with transcription, video conferencing facilities, etc as contemplated under the Act
- Appointment of lawyers specializing in Commercial suits in these courts as judges.
- Issuance of practice directions which follow a basic template will bring about uniformity in the practice adopted by the Commercial Courts across the country



# Star India Limited Vs. UOI

- Star bought rights for cricket series
- Several websites started streaming the matches
- Ex-parte injunction granted blocking the websites
- Government appealed
- Question whether specific uniform resource locator (URL) should be blocked or entire website to be blocked?

# Intermediary Liability – Myspace Inc. v. Super Cassettes Industries Ltd (FAO (OS) 540/2011-Delhi High Court)

- Super cassettes owns music
- MySpace was a website through which music could be downloaded
- It was an intermediary under section 79 of the IT Act
- SJ held intermediary is liable due to various factors
- DB recently held that MySpace is not liable and it only has a PULL DOWN obligation.

# DU Photocopying case

COURSE  
PACKS

**GEK 2020**  
*General Education Course*  
Introduction to Film Art  
Semester 1 2012/2013  
 **NUS**  
NATIONAL UNIVERSITY OF SINGAPORE

Dr. Gilbert Tang  
Lecturer in Film Studies

# Unicommerce

- SELLER - has different accounts on
- Amazon, eBay, flipkart, Snapdeal
- Aggregator collects all the data qua the seller
- SELLER gives the aggregator his username and password - can the ecommerce websites object?
- Issues of data confidentiality, integrity of the system etc.,

# Counterfeiting on e-commerce websites

- Several cases of counterfeits on ecommerce websites.
- Website says I am only an intermediary
- SELLER is someone else
- Can website be liable?

# Designs and Passing Off – Eicher, Videocon



# Pending Recent IPR issues

- Plant Varieties Act – Patents Act
- Competition law and IPR law



Thank You!