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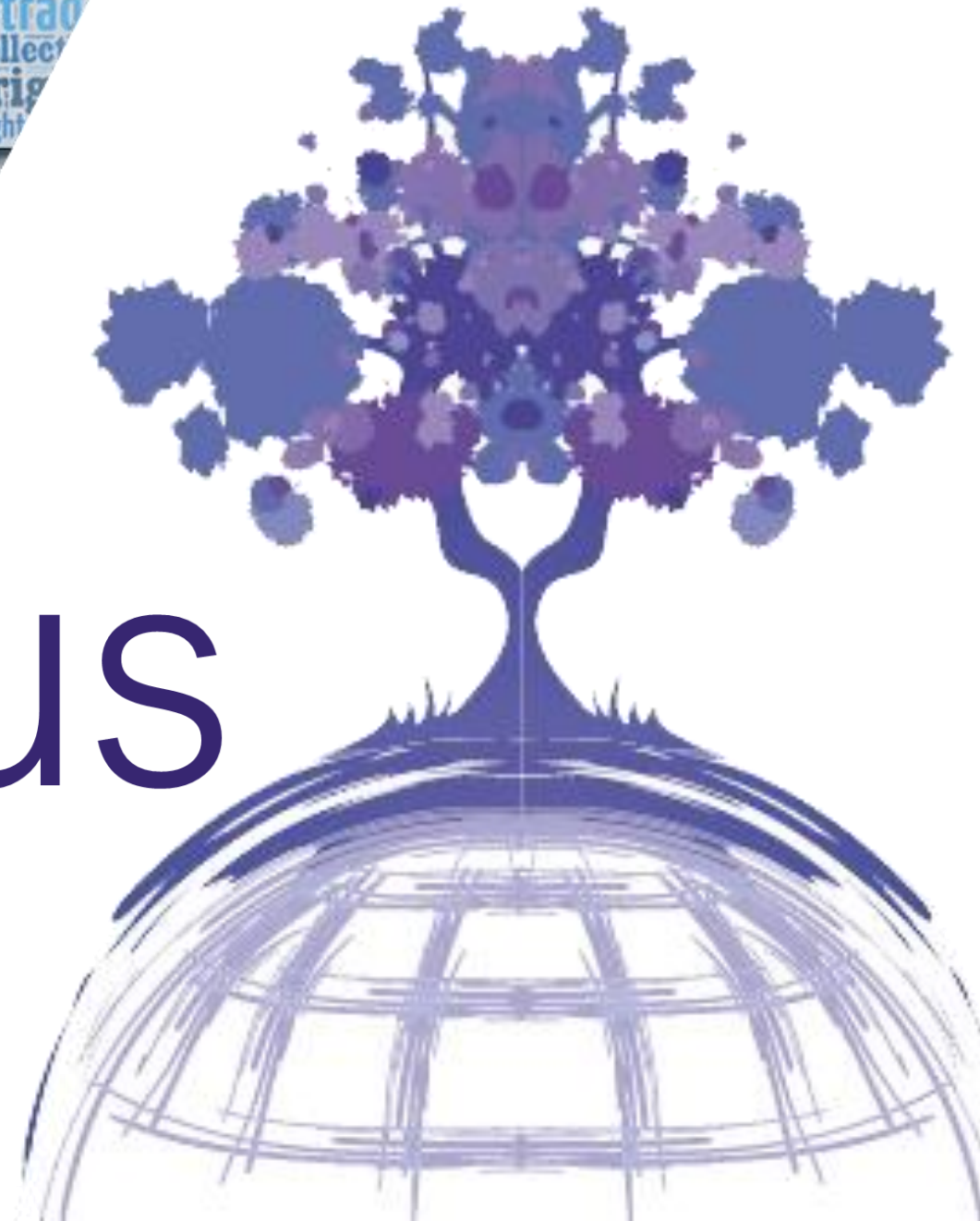


Table of Contents

Article	3
Product-by-Process: Perception by Indian Patent Law	4
Statute Update	10
Ratio Decidendi.....	12
News Nuggets	17





Article

Product-by-Process: Perception by Indian Patent Law

By Pranjal Dhiman and Archana Viswanathan

The article in this issue of IPR Amicus explores the scope of patentability and infringement concerning product-by-process claims with a specific emphasis on the recent two decisions of the Delhi High Court. The authors note how the decision of the Division Bench of the Delhi High Court supports the requirements defined by Clause 7.9 of the “Guidelines for Examination of Patent Applications in the Field of Pharmaceuticals” for product-by-process claims. Elaborately stating the facts of the case, the contentions of the parties, and the decision of the Single Bench, the authors note that the Division Bench has stayed the finding of the Single Bench while it did not agree with the views of the Single Bench that *prima facie* the patent involved in the dispute is a product-by-process claim and monopoly will be limited to the product obtained by the specific process in the claims. According to the authors, consequently, the patentability and infringement analysis for product-by-process claims should predominantly focus on the product feature stated in the claim

Product-by-Process: Perception by Indian Patent Law

By Pranjal Dhiman and Archana Viswanathan

This article aims to explore the scope of patentability and infringement concerning product-by-process claims with a specific emphasis on the recent two decisions of the Delhi High Court, passed by the learned Single Judge and the Division Bench of the Delhi High Court in the case of CS(COMM) 261/2021 and connected matters.

These suits were filed by Vifor against the Defendants i.e., (i) MSN Laboratories Private Limited and (ii) MSN Life Sciences Pvt. Ltd. (collectively referred to as "**MSN**") in CS(COMM) 261/2021; Dr. Reddy's Laboratories Limited ("**DRL**") in CS(COMM) 265/2021; and (i) Corona Remedies Private Limited and (ii) Virchow Biotech Private Limited ("**CRPL and VBPL**") in CS(COMM) 448/2022. The fourth suit was filed by CRPL and VBPL against Vifor in CS(COMM) 450/2022.

In a detailed judgement discussing whether an interim injunction should be granted against the Defendants, the Single Judge of the Delhi High Court permitted the Defendants to launch their product, with a caveat that Defendants shall not use a process/set of processes which infringes the Suit Patent. However, the Division Bench has placed a stay on said order.

Facts:

- The Suit Patent in question, IN 221536 ("**IN'536**") is held by Vifor (International) Ltd. ("**Plaintiff**") and is titled '*Water*

Soluble Iron Carbohydrate Complex and A Process for Producing Water Soluble Iron Carbohydrate Complex'. The Suit Patent relates to FERRIC CARBOXYMALTOSE ("**FCM**") which can be used for intravenous treatment of iron deficiency. The said patent has expired recently on 20th October 2023.

- According to the Plaintiff, claim 1 of IN'536 is a product by process type of claim and recites water-soluble iron carbohydrate complexes, whereas the claims 2-6 recite a process for producing aforesaid iron carbohydrate complex. In furtherance to this, the claims 7-8 recite a medicament containing an aqueous solution of an iron carbohydrate complex and claim 9 recites water-soluble iron carbohydrate complexes for therapy.
- In December 2020, Vifor found out about the intention of MSN to launch a generic version of FCM. Similarly, in May 2021, Vifor learnt that DRL was manufacturing FCM and was expected to release a generic version of FCM. Further, VBPL *via* letter dated 17 June 2022 informed Vifor that they were manufacturing FCM. The defendants claimed that their respective processes to manufacture FCM are novel and therefore, they are not infringing IN'536.

Common initial submissions by Vifor:

- Vifor asserted that the claim 1 of IN'536 is a product claim for FCM wherein process elements are used to describe the final product as it was not easy to describe the product due to its large or complex molecular composition. Further, it mentioned that the process elements present in the claims represent an exemplary process to prepare FCM and in no way preparation of FCM can be limited to the given process. In summation, the Plaintiff emphasised that, what is claimed is the product with definite and distinctive technical features, such as average molecular weight between 80 kDa and 400 kDa, regardless of the process employed for its preparation.
- Vifor referring to Section 2(1)(j) of the Patents Act, 1970 ("**Act**") asserted that only "product" and "process" are considered as allowable/patentable subject matter and any third category such as 'product-by-process' does not have a statutory recognition. It also referred to the guidelines followed by IPO in examining patent applications according to which a 'product-by-process' claim should disclose a novel and inventive product *per se* and patentability cannot depend on novelty and non-obviousness of the process limitation alone. It further stated that IN'536, containing a claim in the 'product-by-process' format, has been allowed in India, thereby indicating that the product as such is novel and inventive independent of process features.
- To further support that the claim 1 of IN'536 relates to a product, Vifor placed reliance on INN assigned by WHO to

Vifor's invention and that US 7612109 (corresponding US patent to Suit Patent) covering FCM, has been mentioned in the US Food and Drug Administration's ('**US FDA**') Orange Book as the "Drug substance (DS)".

- Vifor indicated the strength of their patent by mentioning that patents corresponding to the Suit Patent have been granted globally in 57 countries which include major patent jurisdictions as well, such as the US and EU. It was also mentioned that no pre-grant or post-grant opposition was filed challenging the validity of the Suit Patent in the period of last 20 years.

Submissions by Defendants:

Scope of Claim 1:

- The Defendants contended that the scope of the claim 1 of the Suit Patent is limited to a ***product obtained by or through the specific process provided therein, i.e., oxidation of maltodextrin using aqueous hypochlorite in alkaline pH range***. The Defendants further asserted that the step of oxidation of maltodextrin using aqueous hypochlorite is an essential feature which imparted novelty and inventiveness to the claim 1 of the Suit Patent and it does not cover any or all processes that may be used to obtain FCM, or any or all processes for oxidation of maltodextrin.
- The Defendants also mentioned that ***in 'product-by-process' claims, the claims are deemed to be novel and inventive because of the characteristic features***

imparted by the process to the product and the claims are never construed as product claims per se but are inextricably tied to the process of which they are the outcome/result.

- The Defendants further relying upon Hospira UL Limited¹ and Terrel on the Law of Patent, 18th Ed., Chapter 9, Section 8, stated that in a 'product-by-process' claim, the product will only be infringed when the product is manufactured by the process recited in the claim of the Suit Patent and thus, to make a case of infringement, Vifor needs to show as to how the process of the Defendants maps with the process claimed in Suit Patent.
- The Defendants asserted that Vifor's product FCM is an iron carbohydrate complex which would include any molecule consisting of iron ions and a carbohydrate shell and such a molecule is already recognized in the industry by several other names.

Reliance on the prosecution history by the Defendant:

Referring to the prosecution history of the Suit Patent and the corresponding applications, the Defendants made following assertions:

¹ "143. However, a question not focused upon by Lord Hoffmann in *Kirin- Amgen* is whether the rule that the process feature is irrelevant for novelty is a rule of law of novelty or a rule of mandatory claim interpretation. To be novel, a claim of erythropoietin made by the expression of a gene in a host cell had to be different from known urinary erythropoietin. But assuming that the claim was novel, was it infringed by erythropoietin which had not been made by the expression of a gene in a host cell?"

- Vifor has admitted multiple times in the opposition filed by them to IN3474/CHE/2013 that claim 1 of IN'536 is a process claim.
- In the response filed by Vifor during the prosecution of EP1554315B1 (hereinafter referred to as EP'315), it was specifically mentioned that the claim 1 of EP'315 is different from the cited prior art disclosing oxidation of dextrin and dextran because of employing aqueous hypochlorite in EP'315, thereby admitting that the only feature which distinguishes the claim 1 from the prior art is the step of oxidation of maltodextrins using aqueous hypochlorite in alkaline pH range.
- During the prosecution of IN'536 in India, when a document disclosing iron carbohydrate complex was cited, Vifor argued that its product was novel in view of the cited document because of using 'oxidised maltodextrin' in the process.

Infringement analysis:

The Defendants stated that their process is different from the process of Vifor and hence, not infringing the Suit Patent. The differences as submitted by the Defendants are summarised below:

144. Now the House of Lords also decided that the defendant's rEPO did not infringe the patent because it was not the product of the expression of a gene in a host cell (see paragraphs 13 onwards, ending at paragraph 85 which finds no infringement of any claim). Thus Lord Hoffmann was applying the process feature as a relevant limitation which was not satisfied for the purposes of (non-)infringement but ignoring it for the purposes of novelty. That can only be on the basis that the product by process rule is a rule of novelty law, not claim construction."

- The process employed by MSN and DRL for the manufacture of FCM involves use of oxone, as a maltodextrin-oxidising agent, instead of aqueous hypochlorite as used by Vifor, wherein the chemical and the physical properties of oxone and sodium hypochlorite are distinct and use of oxone provides the additional advantage of increasing the yield and purity of iron (III) carboxymaltose by decreasing the amount of unwanted chlorinated by-products, inorganic impurities such as metal bromides, chlorides and carbonates.
- VBPL and CPL use starch hydrolysate as the reactant instead of maltodextrin as employed by Vifor. Thus, the product of the Defendants consists of a carbohydrate shell made of starch and iron being placed at the centre, prepared from hydrolysed starch having DE value of higher than 20 which is different from maltodextrin.

Final submissions by Vifor:

- Vifor submitted that ***the three essential elements of claim 1 of IN'536 are iron carbohydrate complex having (i) an iron (III) core; (ii) an average molecular weight in the range of 80 kDa-400 kDa; and (iii) using oxidized maltodextrin as ligand. Vifor asserted that all the Defendants' products contain each of the three essential elements of IN'536 and the difference in oxidizing agent as mentioned by the Defendants is not an essential element of the claim 1 of Suit Patent.***

- Vifor further referred to the paragraph 147(i) in Hospira UL Limited (supra), wherein Justice Birss recognises that when a claim relates to a new product, scope of the claims reciting the terms 'obtainable' and 'obtained' would be different. In this view, FCM is a new product and the term recited 'obtainable from' would not limit its scope to any specific method/process. Vifor concluded that the defendants cannot avoid infringement of the product FCM by merely asserting that their process is different.

Court's view (Single Judge):

The Court referring to the 'Guidelines for Examination of Patent Applications in the Field of Pharmaceuticals', firstly stated that the IPO acknowledges product-by-process type of claims and secondly, ***the patentability of product-by-process claim depends upon the product itself if it does not depend upon the method of production, which highlights that process terms in such claims are limitations and not additional features of the product.*** Thirdly, the Court further made clear that one cannot compare the assessment of novelty and infringement as they are unrelated and have to be analysed separately.

Scope of Claim:

- The Court analysed the scope of claim while discussing claim construction. The Court stated that the Claim 1 is not a 'product claim' as a product needs to be characterized by its physical and chemical composition as well as physical and chemical structure, and shall not to be restricted by a method/process.

- The Court further stated that the Claim 1 of the Suit Patent recites 'water-soluble iron carbohydrate complexes' wherein 'obtainable from' is the transition phrase and the process features recites the limitations to the preamble. The Court mentioned that the claimed process resulted in iron carbohydrate complexes with an average molecular weight between the range of 80 kDa to 400 kDa, i.e., the unique and characteristic property of FCM is due to the process employed by Vifor. Thus, the essence of the claimed invention of the Suit Patent is in preparing iron carbohydrate complexes starting from maltodextrin as the reactant and/or oxidation of maltodextrin via aqueous hypochlorite solution.
 - In view of the above reasonings, **the Court concluded that the scope of Claim 1 of IN'536 is limited to a product obtained through a specific process feature identified therein and cannot cover any and all processes that may be used by a third party to produce FCM and it is thus held that Claim 1 is a product-by process claim and not a pure product claim.**
- Infringement analysis:**
- The Court relied upon the US concept of "Markman Hearing" and the principles of claim construction as laid down in the case of *In F. Hoffmann-La Roche Ltd. & Anr., to conduct the infringement analysis*. Such infringement analysis was conducted by a two-fold step; first, by determining the meaning and scope of the claims of the Suit Patent; and second, comparing the allegedly infringing products/process.
 - The Court opined that the infringement analysis is to be made by focussing on the process as a limitation and the product would be considered to be infringed only by a product made by the same process.
 - The Court also referred to CS(OS) 1206/2015 filed by Vifor, wherein the Defendants were allowed to prepare FCM of Suit Patent by employing a different method which did not infringe the patent of Vifor thereby indicating that IN'536 is a product-by-process patent, otherwise the Court would have granted injunction.
 - While comparing Vifor's process and that of the Defendants, **the Court noted that the essential features of IN'536 are: (a) iron (III) core; (b) oxidized maltodextrin having DE value between 2-20; (c) pH value within the alkaline range; (d) end product with average molecular weight 80-400 kDa; and (e) oxidation of maltodextrin is carried out using 'sodium hypochlorite' as oxidizing agent.** The Court stated that VBPL and CRPL use starch hydrolysate as a reactant for the reaction wherein the DE value is more than 20, and MSN and DRL manufacture FCM by using oxone as an oxidizing agent. The Court also noted the physical/chemical properties of oxone and sodium hypochlorite being different and the advantages of using oxone as highlighted by the Defendants.

In view of the above, the Single Judge order concluded that the process employed by the Defendants to produce FCM is outside the limits of the scope of IN'536 as the Patent protection secured by product-by-process claim(s) is restricted by the process of preparing the product. The Court held that the impugned processes of MSN, DRL, CRPL and VBPL are non-infringing and further permitted the Defendants to launch their product, i.e., FCM, with a caveat that Defendants shall not employ the process as claimed under IN'536, which infringes the Suit Patent.

Court's view (Division Bench):

The Division Bench set aside the directions in the Single Judge order and stated that ***they are unable to concur with the learned Single Judge who has understood it to be a product by process patent alone***. The Division Bench stated the claim 1 of the Suit Patent recites a product and the claims 2 to 6 recites a process and further took note of Clause 7.9 of the "Guidelines for Examination of Patent Applications in the Field of Pharmaceuticals". The Division Bench further acknowledged that the Defendants were unable to invalidate the claim of Suit Patent with respect to novelty.

Takeaway:

The Division Bench of the Hon'ble High Court of Delhi supports the requirements defined by Clause 7.9 of the "Guidelines for Examination of Patent Applications in the Field of Pharmaceuticals" for product-by-process claims. The Division Bench's order provided some degree of clarity regarding product-by-process claims. The order emphasized that the scope of such claims primarily pertain to the product itself, with the process elements not imposing a limitation on the product. Consequently, the patentability and infringement analysis for product-by-process claims should predominantly focus on the product feature stated in the claim. The Division Bench also acknowledged the delay in judgment, i.e., more than 7 months due to which several technical documents were not taken in consideration. Thus, importantly, this order is a re-assessment of the product-by-process claims as per Indian Patent Law.

[The authors are Associate and Principal Associate, respectively, in IPR practice of Lakshmikumaran & Sridharan Attorneys, New Delhi]



Statute Update

- GI registrations – Draft Geographical Indications of Goods (Registration and Protection) (Amendment) Rules issued

GI registrations – Draft Geographical Indications of Goods (Registration and Protection) (Amendment) Rules issued

The Ministry of Commerce has on 17 October 2023 issued Draft Geographical Indications of Goods (Registration and Protection) (Amendment) Rules, 2023 to seek objections and suggestions on the amendments to the Geographical Indications of Goods (Registration and Protection) Rules, 2002.

The draft rules intend to reduce substantially (from INR 5000 to INR 1000) the amount required to be deposited on application for the

registration of a geographical indication for goods included in one class and those in one class from a convention country.

Similarly, amount payable will be INR 1000 (for each class) in case of a single application for the registration of a geographical indication for goods in different classes including those from a convention country.

Further, the amount has been sought to be reduced from INR 25000 to INR 12000 on application to Registrar for additional protection to certain goods under Section 22(2) of the Geographical Indications of Goods (Registration and Protection) Act, 1999 read with Rule 77(1) of the Geographical Indications of Goods (Registration and Protection) Rules, 2002.



Ratio Decidendi

- Patents – Appointment of local commissioner to secure evidence to support case of either party, is not permissible – Delhi High Court
- Trademarks 'Indian Royal Stag' and 'Indian Stag', both used for IMFL, are deceptively similar with likelihood of confusion – Delhi High Court
- Trademarks 'LIV.55' and 'LIV.999' are deceptively similar to the mark 'LIV.52' – Delhi High Court
- Service of documents on e-mail ID, if same provided by trademark applicant/opponent himself, is valid – Delhi High Court
- Valuation of IPR suits and jurisdiction of Commercial Courts – Division Bench of Delhi HC overrules directions of Single Bench in *Vishal Pipes*

Patents – Appointment of local commissioner to secure evidence to support case of either party, is not permissible

The Delhi High Court has held that it cannot appoint local commissioner with a view to secure evidence to support the case of either party. Rejecting the application for appointment of local commissioner to enable the representatives of the plaintiffs to inspect defendants' product, so as to prepare a technical report mapping the claims of the plaintiffs' patent with the features of the defendants' products to demonstrate infringement, the Court noted that Rule 10A of Order XXVI of the Civil Procedure Code does not empower the court to issue a commission in order to equip the plaintiffs with 'best evidence'.

The Court also agreed with the defendant that once the plaintiffs had themselves claimed to have adduced sufficient evidence to establish infringement of the suit patent by the defendants' products, and the document and material on which the said mapping was done was not denied by the defendants, there was no justification for the prayers for appointment of local commissioner to prepare technical reports, etc.

In respect of application of Rule 10A, the High Court observed that the stage for invocation of Order XXVI Rule 10A would arise only where the court is considering the questions involved in the suit, and that the Court cannot, without due justification, set a local commission in place under the said Rule to make enquiries. It further was of the view that the said Rule can never be pressed into service by a party who asserts that it is in possession of sufficient

evidence to support its case but seeks to gather better, or "best", evidence, through the agency of the Court. According to the Court, the provision is intended to assist the Court and not to assist either party. Supreme Court decision in the case of *Committee of Management Anjuman Intezamia Masjid, Varanasi v. Rakhi Singh*, and Delhi High Court decision in the case of *NBCC (India) Ltd. v. Ramacivil India Construction Pvt. Ltd.*, were distinguished.

Order XI Rule 3(2) and Order XI Rule 5(4) of the CPC, and Rule 5(i) and (iii) of the Delhi High Court Patent Rules, were held to be not relevant in the circumstances of the present dispute. The Court in this regard noted that Rule 5 of Delhi HC Patent Rules provisions do not envisage appointment of a commissioner to prepare technical reports mapping claims of the suit patent to the features of the allegedly infringing products of the defendant.

It may be noted that the High Court, while rejecting the application, also observed that a court cannot travel outside the legitimate boundaries of the CPC and act as an agent, even unwittingly, for either side to gather evidence to support the case that it seeks to set up against the other. [*ITW GSE APS v. Dabico Airport Solutions Pvt. Ltd.* – Judgement dated 1 November 2023 in CS(COMM) 628/2023, Delhi High Court]

Trademarks 'Indian Royal Stag' and 'Indian Stag', both used for IMFL, are deceptively similar with likelihood of confusion

The Delhi High Court has held that the marks INDIAN ROYAL STAG and INDIAN STAG, both used for IMFL, have necessarily to be

regarded as deceptively similar with likelihood of confusion thus leading to *prima facie* case of infringement.

The Court observed that the use of the Stag device by the defendant exacerbated the confusion, even though visually the plaintiff's stag may not look like the defendant's. According to the Court, that, however, cannot make a difference, applying the principle laid down in the case of *Kirorimal Kashiram Marketing* and the decision of the Division Bench of the Court in *Amar Singh Chawal Wala*. The Court in this regard also observed that in view of the pictorial depiction of a stag, the STAG part of the plaintiff's mark has necessarily to be held to be its essential and dominating feature, and the use, by the defendant, of the word STAG along with the pictorial depiction of a stag, clearly indicates imitation, by the defendant, of the essential features of the plaintiff's mark. The High Court also held that the word STAG cannot, in any manner of speaking, be regarded as descriptive of alcoholic beverages, and that it was a case of idea infringement as stag has nothing to do with alcoholic beverages. The Court further noted that the use of the word STAG by the defendants in INDIAN STAG renders it phonetically and structurally similar to the mark ROYAL STAG of the plaintiff.

Further, the Court observed that the disclaimer of the ROYAL part of the plaintiff's mark can make no difference to the aspect of the infringement. According to the Court, the marks are deceptively similar because the STAG part of the plaintiff's mark has been replicated by the defendant and, therefore, when the two marks are seen as whole marks, especially in conjunction with the stag motif, and the fact that both the marks are used for IMFL, there is a clear possibility of likelihood of confusion.

On **confusion**, the Court observed that firstly, the plaintiff's and defendants' products were both IMFL. Secondly, no example was brought to the notice of the Court of any other brand of IMFL using STAG as part of its name. Thirdly, both the labels used the motif of a stag, and fourthly, both the marks catered to the same consumer segment, which is quite distinct from the consumer segment which consumes scotch whisky. Accordingly, the Court was of the view that possibility of likelihood of an association between the two marks, in the minds of a consumer of average intelligence and imperfect recollection, cannot be ruled out.

Relying on Section 56 of the Trade Marks Act, the Court also held that the fact that the defendants' INDIAN STAG IMFL is entirely exported cannot make a difference to the aspect of infringement. The Court also rejected the contention that the mark STAG is publici juris and that the mark STAG was common to whisky trade.

It may be noted that while the Court granted interim injunction for *prima facie* infringement, it ruled out *prima facie* case of passing off. [*Pernod Ricard India Private Limited v. A B Sugars Limited* – Judgement 31 October 2023 in CS(COMM) 371/2019, Delhi High Court]

Trademarks 'LIV.55' and 'LIV.999' are deceptively similar to the mark 'LIV.52'

The Delhi High Court has held that the marks 'LIV.55' and 'LIV.999' are deceptively similar to the mark 'LIV.52'. It, in this regard, observed that both the marks were used as liver tonics and that the trade dress adopted by the defendant for its LIV.55 product was nearly identical to the trade dress of the plaintiff, with a thin orange border on the top, and interspersed white band and a lower green half of the

bottles/package. The Court noted that the manner in which LIV.52 and LIV.55 were written were also deceptively similar to each other, and that for an untutored consumer, the products are conveyed as products of one manufacturer, in different strengths.

Further, observing that the products were ayurvedic preparations which were available over-the-counter and often brought by patients without prescription, the Court opined that given the similarity of the products, there was every likelihood of an unwary consumer purchasing the defendants' LIV.55 or LIV.999, believing it to be the plaintiffs' LIV.52 or another product of the plaintiffs.

Holding that the plaintiff was entitled to permanent injunction, the Court also held that actual sale is not a prerequisite for infringement. According to the Court, the aspect of whether the defendants' products were, or were not, sold, is not of particular relevance insofar as the infringement is concerned. [*Himalaya Wellness Company v. Abony Healthcare Limited* – Judgement dated 17 October 2023 in CS(COMM) 476/2021, Delhi High Court]

Service of documents on e-mail ID, if same provided by trademark applicant/opponent himself, is valid

The Delhi High Court has rejected the contention that e-mail is not one of the modes of services envisaged by Section 143 of the Trade Marks Act, 1999. According to the Court, in the event an e-mail ID is provided by an applicant or an opponent in the application or notice of opposition respectively, service of documents relating to the application or the notice of opposition at the said e-mail ID would suffice as service within the meaning of Section 143. The

High Court was of the view that the words 'leaving them at' as employed in Section 143 have to be read expansively enough to cover service by e-mail where the e-mail ID is provided in the application or notice of opposition.

However, observing that in the present case no e-mail ID was provided by the appellant in its notice of opposition, the High Court held that hence it cannot be said that the e-mail ID at which the documents were sent by the Registry constitutes an 'address for service' within the meaning of Section 143. The Court was of the view that the Trademark Registry is at liberty to effect service of documents by e-mail only where the party being served has provided an e-mail ID in the application or notice of opposition.

The High Court in this regard observed that it is entirely up to the applicant, or the opponent, to choose the address at which he desires official communications, from the Registry of Trade Marks, to be addressed to him, and that there is no statutory or legal compulsion on the applicant, or the opponent, to provide an email ID for service. [*Mex Switchgears Pvt. Ltd. v. Vikram Suri Trading* – Judgement dated 13 October 2023 in C.A.(COMM.IPD-TM) 69/2022, Delhi High Court]

Valuation of IPR suits and jurisdiction of Commercial Courts – Division Bench of Delhi HC overrules directions of Single Bench in *Vishal Pipes*

The Division Bench of the Delhi High Court has held that it would be incorrect to proceed on the premise that the dispute forming

the subject matter of IPR suits would necessarily and invariably be liable to be valued at INR 3 lakh (INR 300,000) or above. The Court in this regard opined that it would be incorrect to presume that an IPR suit when valued at below INR 3 lakh is necessarily based on ulterior motives or a *mala fide* intent to avoid application of the Commercial Courts Act, 2015. According to the Court, not only was such a premise by the Single Bench in *Vishal Pipes Limited v. Bhavya Pipe Industry* [2022 SCC OnLine Del 1730] wholly conjectural, but it also amounted to painting all actions, legitimate or otherwise, with a common brush. It may be noted that the Court in this regard also stated that the valuation as ascribed by a plaintiff cannot be doubted merely on the basis of a surmise.

Further, observing that unless the twin factors of 'commercial dispute' and 'specified value' are met, a matter cannot be placed before or be taken cognizance of by a commercial court, the Division Bench was unable to appreciate the directions contained in sub-paragraphs (iv) and (v) of Para 66 of *Vishal Pipes*. The sub-paragraph (iv) had directed that even suits which may be valued below INR 3 lakh shall also to be listed before the District Judge (Commercial). Similarly, the Court was unable to approve the direction for transfer of all pending IPR suits laid before District Judges (Non-Commercial) to be placed before the commercial courts in Delhi.

The Division Bench also found no justification for the withdrawal of matters in which a valuation has been pegged at below INR 3 lakh, from the competent courts and their placement before a commercial court for the purposes of ascertaining the correctness of the valuation as declared. The DB was of the view that that exercise (examination of the declared specified value and the value ascribed to the reliefs) can very well be undertaken by the competent court itself and that and such matters need not be transferred to commercial courts.

The Court in this regard directed that in all IPR suits where valuation is placed at below INR 3 lakh, the plaintiff would have to declare that it has not taken an inconsistent position with respect to specified value in any other litigation pending or instituted in the past.

Also, the Court observed that the Commercial Courts Act does not intend to either override the provisions of the Court Fees and Suits Valuation Acts nor is it intended to regulate the subject of court fees. [*Pankaj Ravjibhai Patel Trading v. SSS Pharmachem Pvt. Ltd.* – Judgement dated 2 November 2023 in FAO (COMM) 98/2023, Delhi High Court]



News Nuggets

- Computation of damages in patent and trademark infringements – Delhi High Court computes huge damages in two cases
- *En masse* denial of public documents like trademark registrations is not to be permitted
- Passing off in logo of Japan Patent Office – Delhi HC terms situation as 'Theft in police station'
- Outstation/overseas witnesses not to be called repeatedly for cross examination
- Writ against IPAB order, filed before its abolition, is to be heard by Single Bench

Computation of damages in patent and trademark infringements – Delhi High Court computes huge damages in two cases

In a dispute involving patent infringement, observing that the defendant chose not to furnish its account of sales of goods containing the infringing product, the Delhi High Court has gone ahead and calculated the notional damages based on the evidence on record and publicly available information. For computation, the Court in *Strix Ltd. v. Maharaja Appliances Ltd.* [Judgement dated 20 October 2023] divided the total defendant's turnover of INR 180 crore amongst its 18 product categories, amounting to INR 10 crore for each product. However, observing that since the kettle (product which used the suit patent product) was not the most expensive product, it reduced the turnover in respect of kettle to INR 5 crore which was further divided by 2, considering the two models. Period of infringement was taken as two years – from date of legal notice till the grant of interim injunction. Total sales amount hence for two years was taken as INR 5 crore. The Court further divided this turnover by the retail price of the kettle and then multiplied it with the average price of the Plaintiff's patented control (INR 270) to reach a profit of around INR 96,00,000. However, the Court awarded the damages of INR 50,00,000 in favour of the plaintiff, considering that the profit calculated was a broad estimate only calculated for the retail market and did not consider all the relevant market conditions. Additionally, the High Court in this case also imposed

actual costs of INR 31,44,925, observing that the plaintiff was forced to incur substantial costs for having to pursue the suit for 15 years.

In another case, this time involving infringement of the trademark by the defendant by imitating plaintiff's trademark 'PUMA' as also the 'leaping cat device', the Delhi High Court has awarded damages of INR 10,00,000 and costs of INR 2,00,000. The Court in *Puma SE v. Ashok Kumar* [Decision dated 20 October 2023] relied upon the Local Commissioner's report that defendant's average sale was 200 pieces per week @ INR 200 per pair (according to the statement of the defendant), which amounted to sale of INR 1,60,000. It noted that the defendant had informed the Local Commissioner that he was engaged in this business for the last two years, and hence, the sale of the unauthorized 'PUMA' marked shoes for 24 months was calculated to be INR 38,40,000. According to the Court, if the costs of raw material etc. are considered to be 50%, the defendant made profits of approximately INR 18,00,000 to INR 19,00,000.

En masse denial of public documents like trademark registrations is not to be permitted

The Delhi High Court has opined that neither party should be allowed to make unreasonable blanket denials of documents which are publicly accessible such as trademark registration, records relating to Registrar of Companies, etc. It in this regard observed that such denial, necessitates summoning of officials and production of certified copies or other records. According to the

Court, if there is any ground as to genuinity or authenticity of the documents, the same can be denied. But *en masse* denial of such documents ought not to be permitted. The order in *Inter IKEA Systems BV v. Quess Corp Limited* [Judgement dated 19 October 2023] was directed to be circulated to all District Judges, Commercial court judges and in district courts, by the Registrar General.

Passing off in logo of Japan Patent Office – Delhi HC terms situation as ‘Theft in police station’

In a case where the Intellectual property office of Japan (JPO), which itself protects and grants registrations to Intellectual Property owners, found itself at the receiving end of infringement and imitation by an unscrupulous Defendant, *prima facie* copying JPO’s logo, the Delhi High Court has granted *ex parte* injunction in favour of the JPO. Terming the ironic situation as ‘theft being committed in a police station, the Court held that the Defendants’ use of the identical mark and logo, with identical colour combination, would be violative of the Plaintiff’s (JPO’s) goodwill and brand equity and that such misuse would cause dilution to the Plaintiff’s logo and mark. According to the Court, in any event, the same would also be infringement of the copyright in the Plaintiff’s logo. The High Court in the case *Japan Patent Office v. A2Z Glass and Glazing Co.* [Decision dated 11 October 2023] also observed that non-filing of any trademark application for registration by the JPO was fully

explicable, as it could have never imagined that its logo would be imitated by anyone.

Outstation/overseas witnesses not to be called repeatedly for cross examination

The Delhi High Court has observed that whenever there are outstation witnesses and overseas witnesses, the District Courts ought to ensure that such witnesses are not repeatedly called before the Court for cross-examination. According to the Court, in such cases, recording of cross-examination, after following the prescribed procedure can also be permitted through video conferencing, if reasons for not being able to travel are found to be genuine and *bona fide*. The Court noted that in case of commercial suits, the Commercial Courts would be fully empowered to pass directions restricting the time limit for the cross-examination to ensure that unreasonable inconvenience is not cause to such witnesses. The Order in *Inter IKEA Systems BV v. Quess Corp Limited* [Judgement dated 19 October 2023] was directed to be circulated to all District Judges, Commercial court judges and in district courts, by the Registrar General.

Writ against IPAB order, filed before its abolition, is to be heard by Single Bench

The Single Bench of the Delhi High Court has held that writ petitions, challenging orders passed by the Intellectual Property Appellate Board (IPAB), filed before abolition of the IPAB on 4 April 2021, would have to be heard by a Single Bench of the Court and not by a Division Bench. The Court in this regard noted that Rule 4

of the Intellectual Property Division (IPD) Rules, 2021 requires every 'IPR subject matter or case or proceeding or dispute' to be decided by a Single Judge and that the decision of the IPAB constitutes 'IPR Subject Matter' within the meaning of Rule 2(i). It also noted that a writ petition challenging the decision of the IPAB is within the ambit of the expression 'original proceedings, appellate or other proceedings relating to IPR subject matter' and is, therefore, an 'IPR

subject matter or case or proceeding or dispute' as defined in Rule 2(l). Rejecting the objections of the defendant, the Court also observed that there is no provision in the IPD Rules, which requires such writ petitions to be dealt with by Division Benches. Reliance in this regard was also placed on certain provisions of the Delhi High Court Rules by the Court in *Ayur United Care LLP v. Union of India* [Judgement dated 16 October 2023].

NEW DELHI

5 Link Road, Jangpura Extension, Opp. Jangpura Metro Station, New Delhi 110014
Phone : +91-11-4129 9811

B-6/10, Safdarjung Enclave New Delhi -110 029
Phone : +91-11-4129 9900
E-mail : lsdel@lakshmisri.com

CHENNAI

2, Wallace Garden, 2nd Street, Chennai - 600 006
Phone : +91-44-2833 4700
E-mail : lsmds@lakshmisri.com

HYDERABAD

'Hastigiri', 5-9-163, Chapel Road, Opp. Methodist Church, Nampally
Hyderabad - 500 001
Phone : +91-40-2323 4924 E-mail : lshyd@lakshmisri.com

PUNE

607-609, Nucleus, 1 Church Road, Camp, Pune-411 001.
Phone : +91-20-6680 1900
E-mail : ls pune@lakshmisri.com

CHANDIGARH

1st Floor, SCO No. 59, Sector 26, Chandigarh -160026
Phone : +91-172-4921700
E-mail : lschd@lakshmisri.com

PRAYAGRAJ (ALLAHABAD)

3/1A/3, (opposite Auto Sales), Colvin Road, (Lohia Marg), Allahabad -211001 (U.P.)
Phone : +91-532-2421037, 2420359
E-mail : lsallahabad@lakshmisri.com

JAIPUR

2nd Floor (Front side), Unique Destination, Tonk Road, Near Laxmi Mandir Cinema
Crossing, Jaipur - 302 015
Phone : +91-141-456 1200
E-mail : lsjaipur@lakshmisri.com

MUMBAI

2nd floor, B&C Wing, Cnergy IT Park, Appa Saheb Marathe Marg,
(Near Century Bazar)Prabhadevi,
Mumbai - 400025
Phone : +91-22-24392500
E-mail : lsbom@lakshmisri.com

BENGALURU

4th floor, World Trade Center, Brigade Gateway Campus, 26/1, Dr. Rajkumar Road,
Malleswaram West, Bangalore-560 055.
Phone : +91-80-49331800 Fax:+91-80-49331899
E-mail : lsblr@lakshmisri.com

AHMEDABAD

B-334, SAKAR-VII, Nehru Bridge Corner, Ashram Road, Ahmedabad - 380 009
Phone : +91-79-4001 4500
E-mail : lsahd@lakshmisri.com

KOLKATA

2nd Floor, Kanak Building 41, Chowringhee Road, Kolkatta-700071
Phone : +91-33-4005 5570
E-mail : lskolkata@lakshmisri.com

GURGAON

OS2 & OS3, 5th floor, Corporate Office Tower, Ambience Island, Sector 25-A,
Gurgaon-122001
phone: +91-0124 - 477 1300 Email: lsgurgaon@lakshmisri.com

KOCHI

First floor, PDR Bhavan, Palliyil Lane, Foreshore Road, Ernakulam Kochi-682016
Phone : +91-484 4869018; 4867852
E-mail : lskochi@laskhmisri.com

NAGPUR

First Floor, HRM Design Space, 90-A, Next to Ram Mandir, Ramnagar,
Nagpur - 440033
Phone: +91-712-2959038/2959048
E-mail : lsnagpur@lakshmisri.com

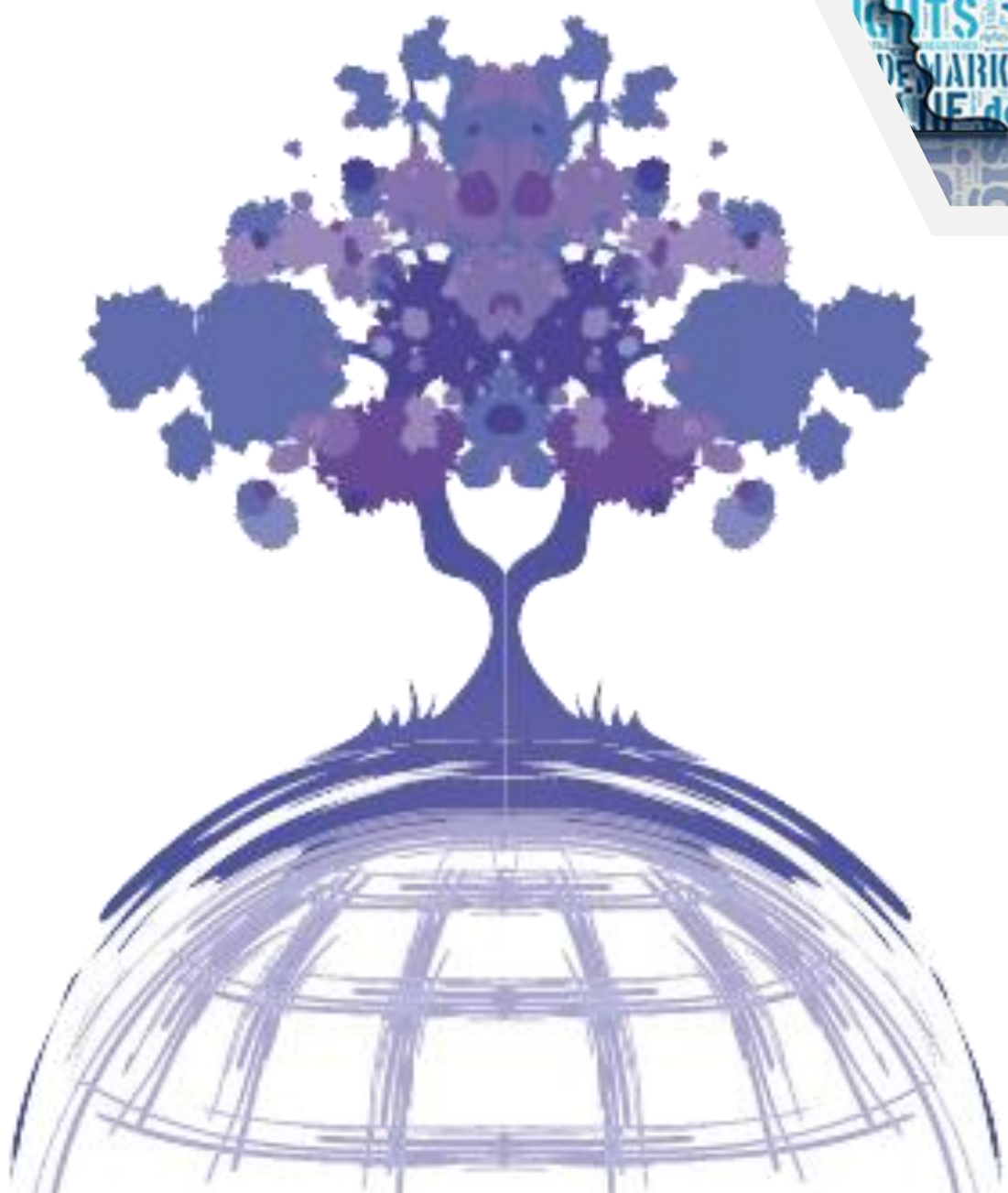
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