

IP News at a glance!

- Cross-examination of expert witnesses in pre-grant patent proceedings
- Delhi High Court Clarifies Pre-Grant Opposition Proceeding Procedures
- Patent case should be reheard – Calcutta High Court returns case to IPO
- Parties must follow the procedures set by the Commercial Courts Act
- Award of damages should commensurate with the offence
- DNA Testing permissible for determining infringement of plant varieties: Delhi High Court

CASE LAW UPDATE

PATENT

Cross-examination of expert witnesses in pre-grant patent proceedings

Pre-grant patent opposition proceedings are substantive inter-parte proceedings. It is usual for both parties to submit technical evidence in support of their arguments during such proceedings. In *Natco Pharma Ltd. vs. Union of India*, a pre-grant opposition filed by **Natco Pharma Ltd.** (“Natco”) against a patent application jointly filed by **ViiV Healthcare Company** and **Shionogi & Co. Ltd.** (“Applicants”), Natco sought permission to cross-examine the Applicants’ witness. After hearing the Applicants’ arguments, the Controller of Patents decided to reserve his decision on the grant of patent, without deciding the application for cross-examination.

Natco challenged the said decision before the Calcutta High Court. The Court observed that in all proceedings for grant of patent before the Controller that are

adversarial in nature, principles of natural justice apply. It also noted that the right of cross examination is also recognized under the same. Therefore, the Controller had no discretion in disallowing the right of cross-examination to Natco.

The Court held that, unless the Controller believes that the evidence introduced by a party in deciding the application for grant of patent is not to be relied upon, the party must be allowed the right to cross-examine. The Court thus directed the Controller to take a decision on Natco’s application before arriving at the final decision.

Delhi High Court Clarifies Pre-Grant Opposition Proceeding Procedures

The Regents of the University of California vs. Union of India & Ors is a constitutional writ filed by an aggrieved applicant, the Regents of the University of California (University), against the Controller’s decision to reject its patent application for the compound ‘Enzalutamide’ and allowing the pre-grant oppositions filed.

The key contentions of the University were three-fold: (i) that the expert affidavits filed on their behalf were not considered by the Controller; (ii) that the pre-grant oppositions were not accompanied by any evidence; and (iii) that they had no effective opportunity to deal with one of the prior art documents submitted by one of the opponents for the first time during the hearing.

After hearing the parties at length, the Court observed and interpreted some of the key provisions relating to pre-grant opposition as follows:

- That according to Section 25(1) of the Patents Act (“the Act”), a pre-grant opposition is only required to be in writing and there is no requirement that the same is to be supported by an affidavit or evidence; that the principal objective of the pre-grant opposition is to enable the Controller to examine the grounds stated therein and to provide an opportunity

to the applicant to meet such opposition; and that it is also not necessary for the Controller to hear the person filing such opposition unless a request is made.

- That the Controller is required to consider the pre-grant opposition only when a request for examination is filed; that the Controller is required to render the decision on the application for patent as well as the opposition simultaneously as per established legal principles.
- That as per a plain reading of Sub-rule (5) of Rule 55 of the Patents Rules, oral hearing is not an essential part of the procedure and the Controller is required to hear the parties, only if the parties so request.
- That while Rule 55(1) of the Patents Rules requires the pre-grant opposition to be accompanied by a statement of evidence, it is not necessary that such evidence be accompanied by an affidavit because no affidavit would be required to produce documents or material which are otherwise available in the public domain.

Regarding documents produced by the opponent during a hearing, the Court observed that the University had full opportunity to deal with such document, both by way of oral as well as written submissions. It held that such documents cannot be expunged from record since a Controller cannot ignore any document or material produced, which may have a bearing on the grant of a patent. However, upon observing that one of the opponents had clearly expanded the scope of their oral submissions while submitting the written notes of arguments, the Court held that such expansion was not allowed, especially since Rule 55(1) of the Patents Rules does not contemplate submissions of a further statement after the hearing is completed. If the Controller intends to take into account any additional arguments raised after oral hearing is concluded (by way of written submissions), as per Rule 55(3) of the Patent Rules, the Controller is required to put the applicant to notice.

With regard to the affidavits filed by the University, the Court observed at length that the same were not referred to by the Controller and that the excerpts or references made by the Controller to some portions of one of the affidavits were not directly relatable to the issues raised or clarified by the said expert. It was thus observed by the

Court that even if the Controller wished to reject the expert affidavits filed by the University as being irrelevant, it should have been indicated accordingly. In view of the fact that the Controller's order was completely silent on the expert affidavits submitted by the University, it was set aside, and the matter was remanded to the Controller to decide afresh.

Patent case should be reheard – Calcutta High Court returns case to IPO

In *Oramed Ltd vs. Union Of India*, the Calcutta High Court set aside the order of the Controller of patents refusing a patent application filed by Oramed Ltd. Challenging the Controller's order by way of a constitutional writ before the Calcutta High Court, Oramed pleaded that the Controller had refused the case based on objections materially different from the ones raised in the hearing notice. Further, their response to the objections were not considered at all.

Taking note of the facts of the case, the Court observed that the Controller is required to arrive at a conclusive finding with regard to grant or refusal of a patent. Such a decision must not be based on surmises and conjectures. Further, the Court observed that since the IPAB was not functional, keeping the writ petition pending and requiring Oramed to pursue the statutory remedy of appeal would be prejudicial to them.

The Court thus remanded the matter to the Controller, while directing him to hear the matter afresh by considering all the materials on record.

Parties must follow the procedures set by the Commercial Courts Act

In *Unilin Beheer B.V. vs Balaji Action Buildwell*, a suit pending decision for patent infringement, the defendant, Balaji Action Buildwell ("Balaji") had filed a counter claim to challenge the validity of the suit patent. Plaintiff, Unilin Beheer B.V. ("Unilin") filed the written statement to the said counter claim but the same, despite having been filed on time, was not taken on record because it was not accompanied by the affidavit of admission and denial of documents which is mandatory under the Commercial Courts Act, 2015 read with Delhi High Court (Original Side) Rules, 2018.

Although Balaji had filed the reply to the written statement to the counter claim, (based on the advance

copies received by them), they sought to expunge the same from the records stating that it was not accompanied by the affidavit of admission/denial in time. Consequently, they also sought the Court to declare the documents filed along with the counter claim to be deemed admitted by Unilin.

After analyzing the provisions and the relevant decisions of the Supreme Court, the Court held that the written statement shall not be taken on record as it was not accompanied by the affidavit of admission/denial of documents. Further, the documents filed by Unilin shall also be deemed to be admitted, and on the basis of such admission, the Court shall be entitled to proceed under Order VIII Rule 10 of the CPC, which depending on the facts in a given matter, provides discretion to the Court, to either pronounce the judgment or direct the plaintiff to prove its claim, when written statement is not filed. Further, it was observed that a deemed admission by the defendant of the documents of the plaintiff (where defendant has not filed affidavit of admission / denial with written statement), will also result in the passing of a decree, on the basis of admission of the plaintiff's documents, rather than referring the party to prove its claim based on documents.

In the present case however, in view of the delay in recordal of the counter claim itself with the Court, the Judge allowed the delays of Unilin to be condoned, on payment of costs.

TRADEMARK, COPYRIGHT & DESIGN

Award of damages should commensurate with the offence

In a detailed judgment in *Koninlijke Philips N.V. vs. Amazestore and Koninlijke Philips N.V. vs. Amitkumar Kantilal Jain & Ors.*, the Delhi High Court ruled in favor of the plaintiffs ("Philips") and found the defendants ("Nova") guilty of infringing Philips' beard trimmer's design. The Court also found Nova guilty of copyright infringement and passing off the trade dress in the said product.

While there were several Indian retailers who were made party to the suit, the suits against these parties were disposed of on payment of costs and apology. The judgment was thus passed against the manufacturer, its

parent company and the importer of the infringing beard trimmers.

While holding Nova guilty, the Judge took strong note of Nova's blatant imitation of not only copying the design of Philips' product, but also the color scheme of its packaging. Not only the images of the model used by Philips were digitally modified to showcase the Nova beard trimmer, but also the accompanying text describing the infringing product was blindly copied, resulting in the description of Nova trimmers as 'Philips' trimmers!

Satisfied by the evidence led by Philips, the Court held Nova liable not only for compensatory damages but also aggravated exemplary damages. Based on the detailed evidence and calculations presented by Philips, the Court directed the infringing parties to pay a total of Rs. 2,15,71,000/- (~US\$ 310000) as compensatory damages and a total of Rs. 1,00,00,000/- (~US\$ 14,5000) as aggravated/exemplary damages taking view of the precedents where such damages were awarded.

The Court also laid down guidelines with regard to award of damages in IP enforcement cases:

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

This judgment once again establishes the fact that IP enforcement in India is continuously improving. With no national bias, Indian judiciary gives due recognition to the statutory and common law rights of IP owners.

PLANT VARIETY

DNA Testing permissible for determining infringement of plant varieties: Delhi High Court

In a landmark judgement in the matter of *Pioneer Overseas Corporation V. Chairperson, Protection of Plant Varieties And Farmers Rights And Ors.* and *Pioneer Overseas Corporation Versus Union of India & Ors.*, the Delhi High Court has approved DNA testing of plant varieties to determine infringement and misappropriation of plant germplasm under 'The Protection of Plant Varieties and Farmers' Rights Act, 2001'.

The controversy in the case revolved around the acceptance of an application for registration of a variety of maize at the Protection of Plant Varieties and Farmers' Rights Authority (PPV&FRA) by Kaveri Seeds ("Kaveri"). The petitioner, Pioneer Overseas Corporation ("Pioneer"), who had also filed an application for registration of a maize variety claimed that both the varieties are identical/similar. Pioneer opposed Kaveri's application alleging that Kaveri had misappropriated the germplasm of Pioneer's variety. Pioneer also filed an application for conducting special test (DNA Test) for determining the genetic profile of both varieties in support of its claim, and also presented DNA evidence establishing similarity between the two maize varieties to the extent of 99.45% to 99.80%.

The Registrar, PPV&FRA rejected Pioneer's application for conducting the special test on the sole ground that the two varieties of maize were found to conform to the criteria of distinctiveness, uniformity and stability (DUS).

the instance of the applicant and not any third party, and only in cases where the DUS test had failed to establish the plant varieties conform to the DUS criteria.

Aggrieved, Pioneer challenged the order of the Registrar rejecting the special tests, as well as its earlier order of September 2014, whereby Pioneer's opposition was closed and Kaveri's variety was directed to be registered.

The Court set aside the order of September 2014 opining that Kaveri had unequivocally stated that it did not wish to file any counter affidavit or any evidence against the opposition filed by Pioneer. The Court was also of the view that the decision of the Registrar in rejecting petitioner's opposition solely on the ground that Kaveri's variety had qualified the DUS criteria was erroneous.

Contemplating on the reliance placed by the Registrar on Rule 29(1), the Court remarked that the same is misplaced, as the said Rule does not preclude any person opposing the registration of a variety from seeking a special test to establish misappropriation of germplasm. Coming down heavily on the opinion of the Registrar that conducting a DNA test would be futile, the Court acknowledged the importance of examining the genotype of a plant in order to determine whether it is distinct in cases of serious dispute as to the IPR rights regarding the variety.

In view of the above, the court set aside the orders of the Registrar in this regard, as well as the decision of eligibility of Kaveri's variety for registration under the Act. Concurrently, the petitioner's application for conducting the special DNA profiling test for both the varieties was restored to the file of the Registrar for considering it afresh.

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