

Patent Injunction Heuristics in India

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§ I. INTRODUCTION

India's independence from the colonial rule led to enactment of the Patents Act, 1970, which has been amended thrice to comply with obligations laid out in the TRIPS Agreement and Paris Convention.¹ A review of the working of the then prevailing patent system was found not to be working in national interest since it stifled domestic industrial growth, self-sufficiency in drug production and created barriers to access lifesaving medicines.² Hence the 1970 Act placed substantial restrictions on patentability in pharmaceuticals and agrochemicals, included a regime for license of rights along with limitations on remedies.³ Although these have been substantially diluted or withdrawn in the post-TRIPS context, an overly deep suspicion of the patent system still informs and dominates the intellectual discourse in India.⁴

At the heart of this discourse is the critical question of availability of injunctive relief. Patent injunctions in India are extremely controversial due to its immediate and potential impact on local businesses, local production and consumer access, especially

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1. For a general overview of historical evolution of the Indian patent system, see Prashant Reddy T. & Sumathi Chandrashekar, *Create, Copy, Disrupt: India's Intellectual Property Dilemmas* (Oxford University Press 2017).
2. Although the patent system in India dates back to the British era (Patents Act, 1911), its need and role were re-discovered only in the post-colonial period. See Justice N. Rajagopal Ayyangar, Report on the Revision of the Patent Laws (September 1959).
3. See text accompany *infra* n. 66–70 for a discussion on how the Patents Act, 1970 was amended to remove the limitations on remedies.
4. See Reddy and Chandrashekar (2017), *supra* n. 1 at p. 30 and pp. 55–78 [noting that very few voices have been in favour of the patent system while legislating the 1970 Act. The amendments in the post-TRIPS context have also been highly controversial]. See Basheer on end of exclusivity.

in the context of pharmaceuticals.⁵ India has been at the centre-stage of the remedies debate typically because of the grant of *ex parte* and *ad-interim* injunctions before addressing the critical question of patent validity.⁶ An explosion in patent litigation in India during the last decade provides a testimony on the role and importance of availability of injunctive relief in a situation where a large number of cases are yet to conclude trial.⁷ As a common law jurisdiction, Indian courts have conclusively resolved in favour of evaluating the grant or denial of injunctions based on equitable principles.⁸ However, two fundamental criticisms can be briefly raised: absence of any reasoning in granting *ex parte*/interim injunctions, and/or erroneous application of equitable principles in specific cases leading to disproportionate outcomes.

India is also a unique jurisdiction in many different ways since courts have often shied away from concluding infringement trials (which demands deeper technical analysis based on scientific evidence), but have been keen to provide interim remedies, often immediately after the institution of the suit.⁹ This is compounded by the inability of courts to evolve any useful framework for granting patent damages.¹⁰ In fact, the first trial involving a FRAND-encumbered SEP where damages were awarded concluded only in July, 2018.¹¹ There is a trend to extend the interim stage and grant injunctions, which in effect could lead to *de facto* settlement of a dispute in a money suit (where patentee plaintiffs demand monetary damages).¹² Some other courts have

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5. See Shamnad Basheer, *Affordable Drugs Need a Compensatory Patent Commons*, <https://thewire.in/health/affordable-drugs-need-a-compensatory-patent-commons> (accessed 10 Jul. 2018).
 6. See Shamnad Basheer, Jay Sanklecha & Prakruthi Gowda, *Pharmaceutical Patent Enforcement: A Developmental Perspective*, in *Patent Law in a Global Perspective* 603–635 (eds Ruth L. Okediji and Margo Bagley, Oxford University Press 2014).
 7. See Prashant Reddy, *143 patent infringement lawsuits between 2005 and 2015: Only 5 judgments*, <https://spicyip.com/2017/06/143-patent-infringement-lawsuits-between-2005-and-2015-only-5-judgments.html> (accessed 10 Jul. 2018).
 8. *Gujarat Bottling Co. Ltd. v. Coca Cola Co.* – AIR 1995 SC 2372.
 9. See Basheer et al., *supra* n. 6. While there are many reasons that may be attributed to trial pendency, the most glaring reason is the lack of expertise among generalist judges to deal with complex patent trials. Moreover, the specialized Intellectual Property Appellate Board (IPAB) does not have jurisdiction to determine infringement. It can only take appeals from the patent controller and revoke patents. It is expected that the constitution of the commercial courts under Commercial Courts Act (2015), where specialized benches could help in tackling pendency due to its time bound adjudication process. Whether or not commercial courts will tackle the expertise issues is doubtful. See Jacques de Werra, Denis Borges Barbosa, Pedro Marcos Nunes Barbosa, Hong Xue, Shamnad Basheer & Susan Isiko Štrba, *Specialised Intellectual Property Court-Issues and Challenges, Second Issue, Global Perspectives for the Intellectual Property System*, CEIPI-ICTSD, Issue Number 2, 2016.
 10. J. Sai Deepak, *Evolving a Culture of Damages*, <https://thedemandingmistress.blogspot.com/2016/04/evolving-culture-of-damages.html> (accessed 31 Jul. 2017); J. Sai Deepak, *Towards Evolving a Culture of Damages: Analysing the Christian Louboutin Verdict of the Delhi High Court*, <http://thedemandingmistress.blogspot.com/2018/02/towards-evolving-culture-of-damages.html> (accessed 31 Jul. 2017).
 11. See *Phillips Electronics v. Rajesh Bansal*, <https://spicyip.com/wp-content/uploads/2018/07/Phillips-Judgment.pdf> (Delhi High Court 12 Jul. 2018).
 12. (Where the non-practising patentee plaintiff claims injunctive relief with a demand for monetary damages for past infringement and is willing to provide a licence based on negotiated royalties.).

picked a certain notion of requirement of ‘working’ and ‘public interest’ to deny injunctive relief.¹³

This chapter makes an attempt not only to provide a general commentary but also a deeper analysis of issues that are routinely argued and debated in Indian courts. Section I of this chapter follows debate on patent injunctions in India by contextualizing it within the global scholarly debate on controversies surrounding patent injunctions. It aims to provide a bird’s eye view of some similarities and contrasts between the global and Indian debate. Section II discusses the statutory foundations for patent injunctions in India. It locates the statutory basis in the Patents Act, 1970 and the Code of Civil Procedure, 1908 (CPC), which is the general remedies law in order to assess the evolution of the equitable factors. Section III examines the application of equitable principles by Indian courts for granting patent injunctions. Although the focus is on how Indian courts have evaluated the equitable factors in granting *ad-interim* injunctions, the specific standard applied by the courts in granting *ex parte*, *quia-timet* and permanent injunctions are critically evaluated in the context of the specific fact situations involved in those cases. An attempt is also made to provide insights into how courts have fashioned remedies due to sector specific needs since it is often argued that patent law is technology specific.¹⁴

So when optimal solutions are not in the horizon, it is not difficult to imagine why courts would often fall back on a ‘trial and error’ method, or in short, ‘injunction heuristics’. This perhaps explains the grand narrative of patent injunctions in India. But the deficiency of analysis in the most ‘celebrated’ judgments remind us of how often courts skip through or pick and choose which factors to lay emphasis on.¹⁵ The chapter finally concludes by stating that very limited observations can be made in the context of a general narrative on the law of patent injunctions in India. While the Indian courts have not followed a cautious approach in granting *ex parte* and interim injunctions, courts must develop injunction heuristics to delineate the cases where they may be rightly due.

§ II. SITUATING PATENT INJUNCTIONS IN INDIA IN THE CURRENT DEBATE

The global debate on patent injunctions provides clarity on why they have turned controversial over the recent years. There is a wider consensus that patent notice must align with remedies because of its impact on third parties and competition.¹⁶ Since patent validity is often critical to the question availability of remedies, *ex parte* and

13. See Ashish Bharadwaj, *Patent Injunction and the Public Interest in India* 40 EIPR 1, 55 (2018).

14. Dan L. Burk & Mark A. Lemley, *Is Patent Law Technology-Specific*, 17 Berkeley Tech. L.J. 1155 (2002) (available at <http://scholarship.law.berkeley.edu/btlj/vol17/iss4/1>).

15. See *Ericsson v. Intex*, 2015 SCC Online Del 8229 (Del. High Ct. 2015) (where a single judge bench of the Delhi High Court overlooked the factor of balance of convenience); *But see Vringo Infrastructure v. India Mart*, 2014 SCC OnLine Del 3970 (Del. High Ct 2014), the single judge glossed over the criteria of irreparable harm.

16. See Federal Trade Commission, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition*, <https://www.ftc.gov/sites/default/files/documents/reports/>

temporary injunctions have been generally denied in many jurisdictions. Furthermore, even when patents are shown to be conclusively valid after trial, there is a strong argument in favour of denial of injunctive relief due to exclusionary effects in markets which are beyond the scope of rights of the patent holder. It has been argued by various scholars that a powerful exclusionary remedy¹⁷ is unwarranted in most cases of patent infringement since patents are routinely invalidated when challenged (due to their probabilistic character) or if a defendant's act is non-infringing.¹⁸ Patent injunctions in the context of the rise of NPEs and PAEs are generally viewed as anticompetitive.¹⁹ Thus tailored injunctive relief is now the norm for granting remedies in the post-eBay environment to tackle the scourge of NPEs and PAEs.²⁰

While there is an ongoing debate on what empirical evidence must inform whether or not the crisis is systemic or anecdotal,²¹ it is not difficult to see how these debates have deeply influenced the scholarship on the question of remedies for patent infringement. It is observed that 'if patents fail to increase the rate and range of innovation or only do so marginally, then one can safely institute compensatory liability schemes without unduly worrying about the allegedly reduced incentives to innovate'.²² In fact, some others observe that patent enforcement is generally inefficient since there is no active technology transfer.²³ However, it is doubtful if the value of NPEs to the innovation ecosystem can be simplistically concluded when innovation

evolving-ip-marketplace-aligning-patent-notice-and-remedies-competition-report-federal-trade/110307patentreport.pdf (accessed 31 Jul. 2017).

17. The term exclusionary remedy is used synonymously with patent injunction although the term exclusionary remedy could represent grant of patent injunctions for a suit of patent infringement in domestic court or invoking a temporary administrative remedy such as border measures to stop goods from entering the domestic or regional borders. Border measures as applied to patents also have exclusionary effects, but are limited in nature. However, border measures can also be abused when coupled with the willingness of the Indian courts to grant ex parte injunctions. See Ramkumar patent controversy, *infra*.
18. See Mark Lemley, *Ignoring Patents*, 19 Mich. St. L. Rev., 1 (2008). Also see, Sichelman, Ted M., *Purging Patent Law of 'Private Law' Remedies* 92, Tex. L. Rev. 516, 571 (2014), <https://ssrn.com/abstract=1932834> [rejecting the private law premise of patent law and instead arguing for a public law regulatory regime designed for optimizing innovation incentives].
19. See Hovenkamp Erik & Cotter Thomas F., *Anticompetitive Patent Injunctions*, 100, No. 3 Minnesota Law Review (2016), <https://ssrn.com/abstract=2477965> [for an argument that when there are no dynamic gains and static welfare losses, injunctions must not be granted]; Also see, Carl Shapiro, *Patent Remedies*, 106(5) American Economic Review: Papers & Proceedings 198, 202 (2016). [Arguing that the US 'Supreme Court's decision in eBay v. MercExchange, the patent remedy system in the United States is now a hybrid system: a mixture of property rules and liability rules'.].
20. John M. Golden, *Injunctions as More (or Less) Than Off Switches: Patent-Infringement Injunctions' Scope*, 90 Tex. L. Rev. 1399 (2012).
21. Jonathan Barnett, *Has the Academy Led Patent Law Astray?* 32:4 Berk.Tech. LJ. (2017) (available at <https://ssrn.com/abstract=2897728>).
22. See Shamnad Basheer, *The End Of Exclusivity: Towards A Compensatory (Patent) Commons*, 58 IDEA 229 (2018).
23. See Mark Lemley & Robin Feldman, *Is Patent Enforcement Efficient?* 98 Bost. Uni. L. Rev. (2018), <https://ssrn.com/abstract=3135945> [arguing that NPEs do not engage in technology transfer and hence most NPE law suits and licensing demands cannot be justified]. For a contrary perspective on the importance of injunctions for NPEs, see Miranda Jones, *Permanent Injunction, a Remedy by any other Name is Patently Not the Same: How eBay v. MercExchange Affects the Patent Right of Non-Practicing Entities*, 14:14 Geo Mason L. Rev. 1035 (2007).

is highly divergent (where incentives are aligned with ‘less IP’ business models)²⁴ and where the role of patents is often seen as a regulation rather than an instrument for preserving the competitive process in the market.²⁵ Notwithstanding the bias against patent injunctions for various reasons discussed above, the evolution in normative goals of the patent system could perhaps reverse the trend and save patent injunctions from fading into irrelevance.

The working of remedies in the Indian context, however, is not disconnected from these global debates in the post eBay world that has occupied courts, scholars and agencies.²⁶ The grant of interim injunctions can be seen as an outcome of structural challenges in litigation process,²⁷ and less of an outcome on the normative debates surrounding the patent system. Some peculiar differences in the Indian context could have implications on the normative bias against granting injunctive relief: first, provisions introduced to prevent the ‘ever-greening’ phenomenon were an attempt to weed out questionable patents.²⁸ Second, there is no presumption of validity in the Patent Act, 1970.²⁹ Third, there is an opportunity presented for early opposition at the Indian patent office through the pre-grant and post-grant opposition. This could have some impact on availability of injunctive relief since an unsuccessfully opposed patent at an early stage would likely be valid.³⁰ This is complemented with overly broad provisions on revocation of patents in a large variety of cases that move beyond patentability and patent-eligibility grounds.³¹ There are a few instances where the Government has used its powers to revoke patents in public interest, particularly in cases where they did not qualify for the grant in the first place.

While there are no systematic empirical studies which track the time taken for concluding patent trials, it is generally observed that Indian courts are unable to conclude trials in a large number of patent cases. A commentator has noted that in 143

24. Johnathan Barnett, *The Host's Dilemma: Strategic Forfeiture in Platform Markets for Informational Goods* 124 Har. L. Rev. 1861 (2011).

25. Mark Lemley, *The Regulatory Turn in IP*, 36 Har. J. of L. & Pub. Pol. 109 (2012). For a contrary view, see Daniel Spulber, *How Patents provide the Foundation of the Market for Inventions* (available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2487564) (accessed 31 Jul. 2018).

26. In the post-eBay world, patent injunctions have been extensively debated across several jurisdictions. Although many countries, including the courts in India, clearly followed the requirement to apply equitable test in the grant of injunctions, the U.S. Supreme Court's decision in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) can be easily seen as the turning point in the global scholarly discourse on patent remedies.

27. Aditya Swarup, *The Prima Facie Standard for Interim Injunctions in India*, 4 NLUJ Student L. Journal 22 (2017).

28. A recent study shows that the anti-evergreening provision like section 3(d) has not been successful since secondary patents in pharmaceuticals were granted as combinations by showing synergistic effects. 7 out of 10 patents were likely grant in error. See Feroz Ali, Sudarsan Rajagopal, Venkata S. Raman & Roshan Josh, *Pharmaceutical Patent Grants in India: How our safeguards against evergreening have failed, and why the system must be reformed*, <https://www.accessibsa.org/media/2018/04/Pharmaceutical-Patent-Grants-in-India.pdf> (accessed 31 Jul. 2018).

29. Eashan Ghosh, *Whither the ‘Six-Year Rule’? Reconstructing India's Law on the Presumption of Patent Validity*, 10(2) JIPLP 109 (2015).

30. See Basheer et al., *supra* n. 6.

31. See The Patents Act 1970, s. 64–66.

patent suits initiated between 2005 and 2015, only five judgments have seen the light of the day.³² This is reflection of a legal regime in India with overall pendency in different areas of litigation.³³ It has led to an overly acute emphasis on availability of interim relief.³⁴ Although there is no comprehensive data available on injunctions granted in India,³⁵ a recent study based on limited data does reflect the fact that interim injunctions are widely granted in India.³⁶ The Indian Supreme Court has in a recent decision expressed serious concern over granting interim relief by conducting a mini-trial. Calling this a ‘disturbing trend’, the court has ordered speedy disposal of IPR cases that are pending at different stages.³⁷ Notwithstanding, interim injunctions have been historically granted during pendency of proceedings to prevent prejudice to the plaintiff and has statutory basis in Indian law.³⁸

Often in a situation where infringement is difficult to locate (patent infringement is a strict liability without independent innovation defence),³⁹ or where pre-clearance is not possible in multicomponent devices,⁴⁰ or where the patentee does not ‘work’ her

32. See Prashant Reddy, *143 Patent Infringement Lawsuits Between 2005 and 2015: Only 5 Judgments*, <https://spicyip.com/2017/06/143-patent-infringement-lawsuits-between-2005-and-2015-only-5-judgments.html> (accessed 31 Jul. 2018).

33. See Aditya Swarup, *supra* n. 27.

34. *Ibid.*

35. It is practically impossible to exhaust the universe of patent injunctions in India due to a lack of judgment reporting by district courts who have original jurisdiction in patent infringement matters.

36. In a study which analysed all patent disputes decided between 2000 and 2016 in India where an injunction was claimed, it found that in more than 60% of the cases interlocutory injunction was granted. The study noted that while in 60% of the cases while interim injunctions had been granted in only 30% of the cases was a permanent injunction granted after conclusion of the suit. All the while a considerable number of injunctions granted were also ex parte. See Ramakrishna Thammaiah, *An Indian Perspective on Establishing Prima-Facie Case in Patent Suits* 8, <https://ssrn.com/abstract=3047057> (accessed 31 Jul. 2018).

37. *Ms. Az Tech v. Ms. Intex Technologies*, <https://indiankanoon.org/doc/143862514/> ‘Having read the order of the High Court of Delhi dated 10 Mar. 2017 passed in FAO(OS) No.1/2017 we find that it is virtually a decision on merits of the suit. We wonder if the High Court has thought it proper to write such an exhaustive judgment only because of acceptance of the fact that the interim orders in Intellectual Property Rights (IPR) matters in the Delhi High Court would govern the parties for a long duration of time and disposal of the main suit is a far cry. This is a disturbing trend which we need to address in the first instance before delving into the respective rights of the parties raised in the present case’.

38. See Gujarat Bottling, *supra* n. 8.

39. Mark A. Lemley, *Should Patent Infringement Require Proof of Copying?*, 105 Mich. L. Rev. 1525 (2007) (available at <https://ssrn.com/abstract=954988>) [arguing that an independent innovation defence will be helpful in dealing with ‘patent trolls’]. Or a slightly contrary argument on the utility of absolute liability for patent infringement, see Robert Merges, *A Few Kind Words for Absolute Infringement Liability in Patent Law*, 31 Berkeley Tech. L.J. 1 (2016) (available at <https://ssrn.com/abstract=2464756> or <http://dx.doi.org/10.2139/ssrn.2464756>) [arguing that patent system encourages scientific communication for diffusion by making proof of copying irrelevant].

40. Lee & Melamed, *Breaking the Vicious Cycle of Patent Damages*, 101 Cornell L. Rev. 385 (2016) [Arguing that ‘a profusion of overlapping and unclear patent rights in these fields make full patent pre-clearance—i.e., avoiding infringement by obtaining in advance licenses to all relevant patents—literally impossible in many situations and, in others, so costly that it is not feasible as a practical matter and that the current flaws in patent damages lead to overcompensating the patent holders’].

patents (typically NPEs or PAEs),⁴¹ or where grant of damages (money) can compensate all harms,⁴² or when patents are encumbered by FRAND obligations,⁴³ the new found wisdom among courts across jurisdictions is to deny injunctions.⁴⁴ Again, the Indian patent law is extraordinary in this regard. Local working of the patent in India is in addition to the quid pro quo of the disclosure requirement in the patent system.⁴⁵ India is among the unique jurisdictions which requires of its patentees to provide annual statements of 'working'.⁴⁶ Such statements of working have been used in the context of application for compulsory licensing and in the context of evaluating equitable tests for denying an injunction due to lack of working by the patentee. However, the effect of NPEs in the context of the requirement of working of complex products, particularly in the ICT sector, remains unclear.⁴⁷

Similarly, the existence of specific grounds for compulsory licences to remedy certain situations such as unmet demand, high prices and lack of territorial working have been specifically provided in the Patent Act.⁴⁸ It is simplistic to assume that a denial of an injunction is effectively a judge made compulsory license, although in effect it is a liability rule.⁴⁹ The equitable nature of remedies requires of the court to conceptually distinguish between a compulsory license and an injunction by not double counting the objectives in the later. It may otherwise led to redundancy of the mechanisms such as a compulsory licence if price, working or unmet demand were to

41. David L. Schwartz & Jay P. Kesan, *Analyzing the Role of Non-Practicing Entities in the Patent System*, 99(2) Cornell L. Rev. 425 (2014) (available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2117421).

42. Steven M. Amundson, *Federal Circuit Decisions Concerning Smartphones Have Created Uncertainty Regarding the Evidence Needed to Prove Irreparable Harm and Establish Entitlement to Injunctive Relief*, 42 Rutgers Computer & Tech. L.J. 231 (2016) [for an argument that without guidance from courts, 'parties and judges may have difficulty determining what evidence demonstrates a sufficiently strong connection between the infringement and the alleged irreparable harm'.].

43. Joseph Farrell, John Hayes, Carl Shapiro & Theresa Sullivan, *Standard Setting, Patents and Holdup*, 74(3) Antitrust Law Journal 603 (2007) [For a view that argues for preserving the FRAND bargain through voluntary licensing], see Epstein, Richard and Noroozi, Kayvan B., *Why Incentives for 'Patent Holdout' Threaten to Dismantle FRAND, and Why It Matters*, Berkeley Technology Law Journal, Forthcoming (available at <https://ssrn.com/abstract=2913105>).

44. See Epstein & Kayyan, *supra* n. 43.

45. See Ayyangar Report, *supra* n. 2.

46. The Patents Act 1970, s. 146.

47. Jorge Contreras, Rohini Lakshané & Lewis, Paxton, *Patent Working Requirements and Complex Products*, 7 NYU J. Intell. Prop. & Entertainment L. 1 (2017) (available at <https://ssrn.com/abstract=3004283>).

48. The Patents Act 1970, s. 84.

49. See Asish Bharadwaj, *supra* n. 13. [For example, denying injunctions by factoring in higher prices, unmet demand or working of a patent may create a judge made compulsory licence in terms of its effect but not in terms of its intent. Hence the courts must bear in mind the general scheme of the Act to distinguish between assessments of equitable factors in the context of injunctions with other broader public policy goals to remedy 'abuse of patents' for which compulsory licences have been specifically provided. This is also because the applicant for a compulsory licence may have to discharge a higher burden and may be subject to specific terms and conditions, which may not be true where the defendant is a beneficiary of the court's refusal to deny an injunction. However, if courts deny injunctions on grounds where a compulsory licence can be invoked, the conceptual distinction between injunctive relief as an equitable remedy and a compulsory licence will not exist.].

be considered as factors for denying injunctive relief. The courts have held that while grounds for a compulsory licence, such as non-working, does not prove lack of prima facie case for the plaintiff, it could definitely be factored in the analysis of public interest.⁵⁰

Furthermore, unlike in the European Union and the United States, the relationship between availability of injunctive relief and competition law has not emerged in the context of SEP investigation initiated by the Competition Commission of India (CCI).⁵¹ However, the CCI has concluded in a different case that the use of fraudulent practices in obtaining injunctions for violation of IP rights is an abuse of dominance.⁵²

A denial of an injunction where it is rightly due can upset the careful bargain structured by the property rights framework underlying patent system.⁵³ Furthermore, calculation of damages is the most vexing question for resolution of IP disputes.⁵⁴ Non-availability of injunctions in certain cases could lead to substantial erosion or loss of value in the market for innovative control.⁵⁵ There is a view that the mismatch between exclusionary rights and remedies in property law 'is protected with a remedy typical of the domain of accidents in the law of torts'.⁵⁶ The argument is that property owners must be entitled to 'propertised compensation' in the real meaning of what the right to exclude must entail instead of 'market compensation' based on some objective ex-post assessment.⁵⁷ It is also observed that there are several evidentiary tools at the disposal of the court to discover propertised compensation.⁵⁸ Obfuscation over the relationship between 'right to exclude' and exclusionary remedy aspect of patent law

50. *Cipla Limited v. Novartis AG*, 2017 SCC OnLine Del 7393 (Del. High. Ct.).

51. *Huawei Technologies v. ZTE Corporation*, ECLI:EU:C:2015:477 (European Court of Justice 2015).

52. *M/s. Bull Machines Pvt. Ltd. v. M/s. JCB India Ltd. and M/s. J.C. Bamford Excavators Ltd.*, MANU/CO/0032/2014 (2014 Comp. Commission of Ind.).

53. See Epstein & Kayyan, *supra* n. 43.

54. Thomas F. Cotter, *Patent Damages Heuristics*, 25 *Tex. Intell. Prop. L.J.* 159 (2018). Also see, J. Gregory Sidak, *Bargaining Power and Patent Damages*, 19 *Stan. Tech. L. Rev.* 1 (2015) [arguing that a 'surplus division principle' is the way forward for calculating damages in patent infringement cases for complex products]. Daniel A. Crane, *Bargaining in the Shadow of Rate-Setting Courts*, 76 *Antitrust L.J.*, 307, 307 (2009) [arguing that regulatory compensation is more often than not prone to error].

55. Daniel Spulber, *How Patents Provide the Foundation of the Market for Inventions*, 11(2) *J. of Competition Law & Economics*, 271-316 (2015) [a patent system that creates a 'market for innovative control helps determine the value of inventions, selects the best inventions, and allocates inventions to the highest-value users']. A commentators in India based on anecdotal evidence has argued that price erosion was not witnessed in certain patented drugs where competing infringing drugs were available in the market due to the denial of injunction or on the drug that was granted a compulsory license granted in India. The argument is that prices were never reduced by patent holders and hence there is no price erosion. There may be several reasons why this happens in the pharmaceutical industry, including the fact that they are ethical drugs which makes consumers price insensitive. See Balaji Subramanian, *Interim Injunctions in Pharma Patents: Busting the Price Erosion Myth* (<https://spicyip.com/2015/05/interim-injunctions-in-pharma-patents-busting-the-price-erosion-myth.html>) (accessed 31 Jul. 2018).

56. Gideon Parchomovsky and Alex Stein, *Reconceptualizing Trespass* (2009) Faculty Scholarship Paper 249. (available at http://scholarship.law.upenn.edu/faculty_scholarship/249).

57. *Ibid.*

58. *Ibid.*

(‘no relational view’), is born out of a conceptual confusion over normative justifications of IP as a property right.⁵⁹

Although Indian courts accept patents as a property right,⁶⁰ so far attempts to explain the conceptual relationship between section 48 and section 108 have at best been superficial.⁶¹ None of the decisions by Indian courts have attempted to answer the deeper question of the conceptual relationship between rights and remedies. In noting the existence of rights of the patentee under section 48, perhaps the closest that any Indian court has come in construing any conflict, was when it observed that ‘the patentee has a right to get an injunction but that right is not an absolute right and a mandatory right. It has to be read in the larger scheme of the Act and section 108 of the Patents Act also deals with the reliefs in a suit for infringement which clearly lays down that the court may grant, in a suit for infringement, an injunction subject to such terms, if any, as the court may think fit at the option of the plaintiffs... A conjoint reading of the aforesaid two Sections would clearly show that though the patentee has prima facie a right to obtain an injunction but that injunction is not necessarily to be granted as a matter of course. It can be refused in case a party can adequately be compensated in terms of money or the court can sufficiently protect the interest of the plaintiffs by passing certain other directions’.⁶²

Of course, as long as courts in India have the judicial authority to grant an injunction, there is complete regulatory autonomy to deny injunctions on a case-by-case basis.⁶³ It is pertinent to note that the TRIPS Agreement provides ample flexibility in the context of remedies, such as grant of an injunctive relief.⁶⁴ Hence there are arguments that developing countries like India could leverage this flexibility from a geo-strategic perspective.⁶⁵ In a situation where Indian statute clearly recognizes injunctive relief as a discretionary remedy, along with accounts for profits or damages, there is a danger that simplistic notions about the supposed normative objectives of patent system and its role in the market system could be internalized and applied to evaluate the equitable factors in granting or denying injunctive relief.

59. Eric Clayes, *The Conceptual Relation Between IP Rights and Infringement Remedies*, 22(4) *Geo. Mason L. Rev.* 825 (2015). See Michael Mattioli, *Power and Governance in Patent Pools*, 27 *Harv. J. L. Tech.* 421 (2014) [For a view that such propertised compensation based on a voluntary exchange as beset with difficulties, unlike in case of contract damages].

60. *F. Hoffmann La Roche Ltd. v. Cipla Limited*, 148 (2008) DLT 598 (Del. High Ct 2008) at para. 63.

61. See *Vringo v. India Mart*, *supra* n. 15.

62. *Ibid.*

63. For an argument that such a flexibility could be helpful for developing countries, see Shannad, *supra* n. 22.

64. *TRIPS Agreement*, Art. 44. See Andrew C. Mace, *TRIPS, eBay and Denials of Injunctive Relief: Is Article 31 Compliance Everything?*, 10 *The Columbia Science and Technology Law Review*, 232 (2009) [noting that ‘If eBay is TRIPS compliant, developing countries can now cite the case as precedent for implementing their own compulsory licensing systems with their own notions of equity and the public interest’].

65. *Ibid.*

§ III. STATUTORY FOUNDATIONS OF PATENT INJUNCTIONS IN INDIA

The right of the patent holder in section 48 of the Patents Act, 1970 has been clearly subject to other provisions in the statute.⁶⁶ Remedies for infringement of a patent forms the essential core to preserve such a right. Section 108 of the Patents Act, 1970 provides for 'Relief in suit for infringement,' wherein it states: '(1) The reliefs which a court may grant in any suit for infringement include an injunction (subject to such terms, if any, as the court thinks fit) and, at the option of the plaintiff, either damages or an account of profits'.⁶⁷ It is pertinent to note that remedies in themselves do not pose any specific restrictions or define per se situations where injunctions may be granted or denied.

The discretionary power vested in the court to grant an injunction is exercised at two levels-one, whether or not an injunction should at all be granted; two- if the court indeed grants and injunction, it may subject it to 'such terms, if any, as the court thinks fit'. Although, the Patents Act statutorily recognizes injunctive relief as a remedy that can be granted in appropriate cases, there is sufficient discretion vested in the courts to tailor the remedies. Hence courts have evolved to grant remedies by frequently invoking equitable principles. This provision in section 108 has remained in the statute without any changes in the subsequent amendments made in 1999, 2002 and 2005. However, clause 2 of section 108 was added in 2002 which deals with seizure, forfeiture or destruction of infringing materials, with or without compensation.⁶⁸ Interestingly, while the statute places restriction on the power of the courts in awarding damages,⁶⁹ a statutory restriction on the power of the courts to grant an injunction was omitted by the Patents Amendment Act, 2002.⁷⁰ Such an omission was specifically owing to the withdrawal of the 'licence of rights regime' in Sections 87 and 88 of the original Act due to the constraints imposed by the TRIPS Agreement.⁷¹ There is very little in the Patents Act per se that can guide this discretion. This discretion,

66. The Patents Act 1970, s. 48 (is a non-obstante clause which starts with '[S]ubject to the other provisions contained in this Act...').

67. *Farbwerke Hoechst v. Unichem Labs.* (1969) AIR 255 (Bom. High Ct.); *Mahesh Gupta v. Tej Singh Yadav* (2009) 41 PTC 109 (Del. High Ct.). See Basheer, *supra* n. 6 (The authors state that the provision leans toward the UK approach, wherein proof of infringement is sufficient to obtain an injunction.).

68. (2) The court may also order that the goods which are found to be infringing and materials and implements, the predominant use of which is in the creation of infringing goods shall be seized, forfeited or destroyed, as the court deems fit under the circumstances of the case without payment of any compensation.

69. Section 111 exempts innocent infringement from the remedy of damages or accounts for profit. It states if on the date of the infringement the defendant was not aware and had no reasonable grounds for believing that the patent existed.

70. The original s. 112 dealing with 'Restriction of power of Court to grant injunction in certain cases' read: 'If in proceedings for the infringement of a patent endorsed or deemed to be endorsed with the words "Licences of right" (otherwise than by the importation of the patented article from other countries) the infringing defendant is ready and willing to take a licence upon terms to be settled by the Controller as provided in section 88, no injunction shall be granted against him, and the amount if any recoverable against him by way of damages shall not exceed double the amount which would have been recoverable against him as licensee if such a licence had been granted before the earliest infringement'.

71. See Jayashree Watal, *Patents: An Indian Perspective, in the Making of the TRIPS Agreement Personal Insights from the Uruguay Round Negotiation* 295, Ch. 16 (Editor Jayashree Watal,

however, is limited by the patent statute only in certain limited situations, which leads to a definitive conclusion about the parliamentary intention to provide the courts with clear indications that the broader public policy goals for limiting remedies have been statutorily provided and that the courts should not double count the policy objectives in specific cases.⁷²

Much of the discretion in awarding an exclusionary remedy is governed by the case-law jurisprudence developed in the context of Specific Relief Act, 1963 and the Code of Civil Procedure, 1908 that forms the general law on civil remedies. The grant of injunctions has its foundations in the principles of equity in India's pre-independence period, which were codified in the Specific Relief Act, 1887.⁷³ In the post-independence period, the Law Commission in its 9th report suggest sweeping reforms and hence the Specific Relief Act, 1963 came into force. Injunctions in civil proceedings are governed by Chapters VII and VIII of the Specific Relief Act and Rules 1 to 5 of Order XXXIX of Code of Civil Procedure.⁷⁴ Section 36 of the Specific Relief Act states that preventive relief is granted at the discretion of the court by injunction, temporary or perpetual. Section 37 notes that a temporary or an interim injunction can be granted at any stage of the suit and can subsist till further orders of the court.⁷⁵ It may be noted that the Supreme Court of India has stated that 'a temporary injunction can be granted only if the person seeking injunction has a concluded right, capable of being enforced by way of injunction'.⁷⁶

Like most jurisdictions, the patent holder has two broad remedies: to sue for damages or apply for a perpetual injunction to restrain the infringer from carrying on with the act.⁷⁷ However, to preserve the equities before a permanent injunction can be issued, Rule 1 to 5 of Order XXXIX of the CPC grant courts the power to grant interim injunctions. Section 94(c) and (e) of the CPC empowers to court to grant interlocutory reliefs in the form of interim injunctions and other interim orders to prevent the ends of justice from being defeated as may appear to the Court to be just and convenient in the given circumstances. Rule 1 to 5 of Order XXXIX regulate grant of Interim injunctions in India, specifically Rule 1(a) allows court to grant an injunction wherein any property in dispute is in danger of being wasted, damaged or alienated by any party to the suit. However, Court's power is not limited to Order XXXIX. Section 151, provides for inherent powers of the Court to grant injunctions in cases not covered by these Rules.⁷⁸ Rule 2(2) allows the court to grant injunctions 'on such terms as to the

WTO, 2015) (available at https://www.wto.org/english/res_e/booksp_e/trips_agree_e/chapter_16_e.pdf) [for an excellent exposition on why India had to strike off the provisions on licence of rights from its patent statute].

72. Notwithstanding, the courts have never dwelt into any harmonious construction of the statute based on any doctrinal distinctions.

73. Law Commission of India, *Ninth Report on The Specific Relief Act, 1877*, available at <http://lawcommissionofindia.nic.in/1-50/Report9.pdf> (accessed 31 Jul. 2018).

74. Ananth Padmanabhan, *Intellectual Property Rights Infringement And Remedies* (Lexis Nexis 2012) at 5.

75. Specific Reliefs Act 1963, s. 38.

76. *Agricultural Produce Market Committee v. Girdharbhai Ramjibhai Chhaniyara* (1997) AIR SC 2674 (Ind. Supreme Ct.).

77. *Ibid.*

78. *Tanusree Basu v. Ishani Prasad Basu*, 4 SCC 791 (Ind. Supreme Ct. 2008).

duration of the injunction, keeping an account, giving security, or otherwise, as the Court thinks fit'. This in a way allows the court to require cross-undertaking in damages by the plaintiff.

Rule 3 of Order XXXIX requires that the Court before granting an injunction must give notice of the injunction application to the opposite party, however this does not mean that the Court cannot grant ex parte injunctions. Rule 3 also creates an exception wherein if the Court is of the opinion that the object of granting the injunction would be defeated by delay, a court may grant an injunction without giving notice to the other party. Rule 3 does provide safeguards, first, the Court must record reasons for its opinion that the object of granting the injunction would be defeated by delay. A second safeguard is that the applicant has to deliver to the opposite party a copy of the application, the plaint and all documents relied on and file an affidavit evidencing the same on the day or the next day when any such ex parte injunction is obtained.

While dealing with the contours of Rule 3 in the context of ex parte injunctions, the Hon'ble Supreme Court has noted that '[T]he Parliament has prescribed a particular procedure for passing of an order of injunction without notice to the other side, under exceptional circumstances. Such ex parte orders have far-reaching effect, as such a condition has been imposed that [sic] court must record reasons before passing such order. If it is held that the compliance with the proviso aforesaid is optional and not obligatory, then the introduction of the proviso by the Parliament shall be a futile exercise and that part of Rule 3 will be a surplusage for all practical purposes. Proviso to Rule 3 of Order 39 of the Code, attracts the principle, that if a statute requires a thing to be done in a particular manner, it should be done in that manner or not all'.⁷⁹

Further, once an injunction is awarded, the defendant under Rule 4 can apply to the same court for relief to vacate the order of injunction. It requires that courts vacate an ex parte order, wherein the same has been obtained via a false or misleading statement, and that an ordinary injunction granted after hearing both parties can only be vacated if there has been a change in the circumstances which has caused hardships to that party.⁸⁰ Commentators have noted that gross injustice has been caused in some cases

Additional protection has also been granted in the form of Rule 3A which requires that once an ex parte injunction has been granted, the Court should dispose-off the application within 30 days and record its reasons in case of failure to resolve the dispute. However, in several cases, the Court may take additional time or delay the proceedings, thus to protect the defendant, the Supreme Court has noted that no party can be made to suffer for the inaction of the Court and may file an appeal under Order XLIII, which is not permitted in case of an interim injunction.⁸¹ As we shall see in a host of patent decisions, courts have been generally indifferent in applying the established standards or have given contrary view points, thus making it difficult to essentialise the case law development and the way forward.

79. *Shakir Khan v. Chameli Dass*, 4 ADJ 1769 (2018 All. High Ct.).

80. The Civil Procedure Code 1908, Rule 4.

81. *A. Venkatasubbiah Naidu v. S. Chellappan*, 7 SCC 695 (Ind. Sup. Ct. 2000).

§ IV. STANDARDS FOR GRANTING PATENT INJUNCTIONS

The law relating to injunctions in cases of patents is analogous to any other civil cases. The Supreme Court in several judgments has clarified the three essential elements which must be looked at while deciding an application for interim injunctions.⁸² These factors are: first, the existence of a prima facie case, second, the ability of the applicant to establish a balance of convenience in his favour and third, establishing that irreparable loss may be caused to the plaintiff, if the court does not grant an order of injunction. The origin of application of equitable factors in determining injunctive relief can be traced to the celebrated decision of the English court in *American Cyanamid*,⁸³ which required the courts to assess the following factors in awarding interim injunctions: (i) whether the plaintiff has a prima facie case; (ii) whether the balance of convenience is in favour of the plaintiff; and (iii) whether the plaintiff would suffer an irreparable injury if his prayer for interlocutory injunction is disallowed.⁸⁴ Indian courts have at times included 'public interest' as an additional factor in denying injunctive relief.⁸⁵ These principles have been invoked in a host of cases.⁸⁶ The following is an analysis of patent injunction cases by various Indian courts.

[A] Interim Injunctions

In *Gujarat Bottling case*,⁸⁷ the Hon'ble Supreme Court of India noted the need for granting interim injunctions in limited situations and explored the possibility of requiring cross-undertaking in damages to be furnished by the plaintiff. It stated:

The decision whether or not to grant an interlocutory injunction has to be taken at a time when the existence of the legal right assailed by the plaintiff and its alleged violation are both contested and uncertain and its alleged violation are both contested and uncertain and remain uncertain till they are established at the trial on evidence. Relief by way of interlocutory injunction is granted to mitigate the risk of injustice to the plaintiff during the period before that uncertainty could be resolved. The object of the interlocutory injunction is to protect the plaintiff against injury by violation of his right for which he could not be adequately compensated in damages recoverable in the action if the uncertainty were resolved in his favour at the trial. The need for such protection has, however, to be weighed against the corresponding need of the defendant to be protected against injury resulting from his having been prevented from exercising his own legal rights for which he could not be adequately compensated. The court must weigh one need against another and determine where the 'balance of convenience' lies. In order to protect the defendant while granting an interlocutory injunction in his favour the Court can require the plaintiff to furnish an undertaking so that the

82. For a background, see Ananth Padmanabhan, *supra* n. 74, at 12.

83. *American Cyanamid Co. v. Ethicon Ltd.*, 1975 AC 396 (House of Lords 1975).

84. See *Gujarat Bottling*, *supra* n. 8.

85. See *Roche v. Cipla*, *supra* n. 60.

86. *National Research and Development Corporation of India v. Delhi Cloth & General Mills Co. Ltd.*, 1980 AIR. Del 132, 135 (Del. High Ct.).

87. See *Gujarat Bottling*, *supra* n. 8.

defendant can be adequately compensated if the uncertainty were resolved in his favour at the trial.

It may be noted that the existence of a prima facie case in favour of the plaintiff is not sufficient to award an interim injunction if the injury suffered by the plaintiff is not irreparable.⁸⁸ The Hon'ble Supreme Court has also noted that 'temporary injunction being an equitable relief, the discretion to grant such relief will be exercised only when the plaintiff's conduct is free from blame and he approaches the court with clean hands'.⁸⁹ It must be emphasized that court must take a balanced approach in granting various forms of interim injunctions. The need for an interlocutory injunction has to be weighed against the injury that can be caused to the defendant, wherein he may be prevented from exercising his legal rights for which no adequate compensation could be granted. The Supreme Court has admonished the practice of extended litigation in the interim phase, which results in most cases getting delayed and not decided at all.⁹⁰

[1] *Prima Facie Case*

The House of Lords in *American Cyanamid*⁹¹ authoritatively stated that all that an applicant needs to prove a prima facie case was that 'the claim was not frivolous or vexatious: in other words, that there was a serious questions to be tried'. Since *American Cyanamid* Indian courts have continuously cited and relied on this case for prima facie analysis of an interim injunction application.⁹² Thus prima facie case requires the applicant to satisfy the Court that there exists a serious question to be tried at the hearing. However, the courts have stated that the ratio in *American Cyanamid* will not apply in matters of interim injunction to show prima facie validity of the patent since there is no presumption of validity in the patent statute.⁹³

Over the years courts in different cases have given varying interpretations as to what constitutes a prima facie case. From case law set forth below three distinct standards of what satisfies a 'prima facie' case have emanated from Indian courts.⁹⁴ The first line of cases require that the plaintiff only prove that there is a serious question to be tried, and that the case was not frivolous or vexatious.⁹⁵ This is based on the correct interpretation of *American Cyanamid* and the standard it set. Some cases

88. *Best Sellers Retail India (P) Ltd. v. Aditya Nirla Nuvo Ltd*, 6 SCC 792 (Ind. Sup. Ct. 2012).

89. *Seema Arshad Zaheer & Ors. v. Municipal Corporation of Greater Mumbai & Ors.*, 5 SCC 263 (Ind. Sup. Ct. 2006).

90. *Bajaj Auto v. TVS Motor Company*, 3 SCC(Civ) 882, para. 4 (Ind. Sup. Ct. 2009).

91. See *American Cyanamid*, *supra* n. 83.

92. *Gobind Pritamdas Malkani v. Amarendranath Sircar*, 50 Comp.Cas 219 (Cal. High Ct. 1980); *Amal Kumar Mukherjee v. Clarian Advertising Service Ltd.*, 52 Comp.Cas. 315 (Cal. High Ct. 1982); *Amar Talkies v. Apsara Cinema* (1982) JLJ 812 (MP High Ct.); See Aditya Swarup, *supra* n. 27 (for a discussion of Indian cases explicitly relying on this case.).

93. *Biswanath Prasad Radhey Shyam v. Hindustan Metal Industries*, 1982 AIR 1444 (Ind. Sup. Ct.).

94. See Aditya Swarup, *supra* n. 27, at 22.

95. *Rajesh Kumar v. Manoj Jain*, 47 DRJ 353 (Del. High. Ct 1998); *Prasanta Kumar Ganguly v. Ashir Chandra Sen* 2012 SCCOnline Cal 10192 (Cal. High Ct.); *Supreme General Films v. Durgaprasad* 1984 AIR Bom 131 (Bom. High Ct.).

require that the applicant establishes a probability that he would be entitled to relief,⁹⁶ which is a requirement stricter than what has been elaborated in *American Cyanamid*, thus the applicant needs to satisfy the court that probability dictates that the suit will be decreed in his favour. A third line of cases, requires that the applicant prove a strong prima facie case, this must be established via affidavit evidence and the Court may decide after analysing the pleadings and documents on record,⁹⁷ turning the interim application proceedings into a mini-trial. This is notwithstanding the Supreme Court's observation that it is not appropriate for any court to hold a mini-trial at the stage of grant of temporary injunction.⁹⁸ Thus, there is a lack of clarity on what constitutes prima facie case.

The Indian Supreme Court has ruled that the grant of a patent by a Controller does not guarantee the validity of the patent, the same has been reiterated under section 13(4) of the Patents Act, 1970.⁹⁹ However, according to the 'six-year' rule, a patent can be treated as valid after expiry of six years from the date of grant. This has caused considerable confusion in determining the grant of an interim injunction. This rule finds no mention in the statute but has been consistently cited in various cases. It was first laid out in *Manicka Thevar v. Star Plough Works*¹⁰⁰ wherein the Madras High Court observed that the patentee should show unchallenged possession of the enjoyment of the patent for at least a period of six years. The rule was applied by other courts as well.¹⁰¹ However in the case of *F. Hoffmann La Roche Ltd. v. Cipla Limited*¹⁰² the rule came under criticism. The Court observed that the six-year rule is to caution courts while dealing with infringement suits which stand on a different footing. A patent can be challenged even in defence and thus the Courts should not grant an injunction automatically. Thus, the six-year rule must be seen as a rule of caution rather than a rigid mathematical formulae for application. However, the rule has not lost its relevance, as the Delhi High Court in 2013 again applied the six-year rule while adjudicating an interim injunction claim. It is relevant that the same was an ex parte injunction that was granted and Court in that case did not take into consideration the decision in *Roche v. Cipla*, thus raising doubts as to its precedential value.¹⁰³

In some other cases, the courts have noted that since there is no presumption of validity in the Indian Patents Act, the patentee plaintiff needs to 'prima facie prove that the infringer is using the same technology which is patented by them and not the

96. *Colgate Palmolive Ltd. v. Hindustan Unilever Ltd.*, 7 SCC 1 (1999, Ind. Supreme Ct.); *Dalpat Kumar v. Prahlad Singh* 1 SCC 719 (1992, Ind. Supreme Ct.); *Sreedhara Shenoy v. K Thanumalayam* 1952 AIR Ker 90 (Ker. High Ct.).

97. *J T Stratford & Son Ltd v. Lindley* (1965) AC 269 (House of Lords); *Shiv Kumar Chadha v. Municipal Corporation of Delhi*, 3 SCC 161 (Ind. Supreme Ct. 1993); *Uniply Industries v. Unicorn Plywood* 5 SCC 95 (Ind. Supreme Ct. 2001).

98. *Anand Prasad Agarwalla v. Tarekeshwar Prasad*, 5 SCC 568 (2001 Ind. Supreme Ct).

99. The Patent Act 1970, s. 13(4), see Biswanath Prasad, *supra* n. 93.

100. *V. Manika Thevar v. Star Plough Works*, 1965 AIR Mad 327 (Mad. High Ct.).

101. *NRDCI v. Delhi Cloth & General Mills Co. Ltd.*, 1980 AIR Del 132 (Del. High Ct.).

102. See *Roche v. Cipla*, *supra* n. 60 at para. 63.

103. *3M Innovative Properties Company v. Venus Safety and Health*, 215 DLT 317 (Del. High Ct. 2014) (available at <https://spicyip.com/2014/01/resurrecting-the-6-year-rule-in-indian-patent-law.html>).

respondents'.¹⁰⁴ It has also noted that registration of a patent alone is not sufficient and that it has to do something more to show a prima facie case. The court went on to state 'most cogent evidence for this purpose is either that there has been a previous trial in which patent has been held to be valid or that the patentee has worked the patent and enjoyed the same without dispute, either from the defendants or anyone'.¹⁰⁵ It is pertinent to note that the patentee-plaintiff must not only show that it has a prima facie case for infringement, but also of validity upon a counterclaim made by the defendant. Court have looked into conduct of the parties at times to ascertain a *prima-facie* case of infringement. By looking into assertion made by a defendant at the Competition Commission that there are no non-infringing alternatives, the court stated that the defendant was claiming that they were using the essential patents.¹⁰⁶

Indian patent scholars have emphatically noted that the use of the prima-facie standard is pregnant with problems in complex patent cases where the validity of patent is regularly under challenge. Depending on whether or not the patent has been subject to a previous challenge, either in a pre-grant or post-grant opposition at the patent office, they have suggested moving straight to the trial stage and decision on merits by avoiding the interim stage.¹⁰⁷ However, some recent commentators have examined the issue deeply and noted that mini trials are reflection of huge procedural delays and the need for timely justice, although litigants may be willing to sacrifice the use of procedure for correct judgment.¹⁰⁸ Hence it is noted that until the problems of judicial backlog are systematically solved, interim injunctions will remain part and parcel on Indian remedial system.¹⁰⁹

[2] Irreparable Injury

There is a great debate on the question of irreparable harm in the context of patents since every loss caused to the patentee-plaintiff can be compensated through damages. The Hon'ble Supreme Court has observed that the Court while granting an injunction has to satisfy that non-interference by Court would result in irreparable injury or loss to the party seeking the injunction, that there is no other remedy available to the party except one to grant injunction and that he needs protection from the consequences of apprehended injury.¹¹⁰ Irreparable injury or loss, however, the Court noted, does not require that there must be no physical possibility of repairing the injury, but only that the injury must be a material one, namely one that cannot be adequately compensated by way of damages or the plaintiff cannot be brought into the same situation.

In a recent high-profile pharmaceutical dispute between Merck and Glenmark, a division bench of the Delhi High Court has noted 'irreparable market effect in cases of a sole supplier of a product' and held that

104. See *Vringo v. India Mart*, *supra* n. 15.

105. *Ibid.*

106. See *Ericsson v. Intex*, *supra* n. 15.

107. See *Shamnad Basheer*, *supra* n. 6.

108. See *Aditya Swarup*, *supra* n 27.

109. *Ibid.*

110. *Dalpat Singh v. Prahlad Singh*, 1 SCC 719 para. 5 (Ind. Supreme Ct. 1992).

[t]he Court must be mindful – especially in a case where a strong case of infringement is established, as here – there is an interest in enforcing the Act. It may be argued that despite this no injunction should be granted since all damages from loss of sales can be compensated monetarily ultimately if the patentee prevails. This argument though appealing, is to be rejected because a closer look at the market forces reveal that the damage can in some cases be irreparable. This in turn leads to the third principle, which is where an infringer is allowed to operate in the interim during the trial, it may result in a reduction in price by that infringer since it has no research and development expenses to recoup – most revenue becomes profit. The patentee however can only do so at its peril. Importantly, prices may not recover after the patentee ultimately prevails, even if it is able to survive the financial setback (or ‘hit’) during the interim, which may take some time. The victory for the patentee therefore should not be physis but real. ... Equally, granting the injunction would not prejudice Glenmark to an equal extent since – if the suit is dismissed – it may return to a market that is largely variable.¹¹¹

Even in the context of FRAND commitments, the courts have held that there would be irreparable loss (to mean irreparable harm) if FRAND agreement is not signed by the defendant or royalty is not paid since ‘it would have impact of other 100 licensors who are well-known companies in the world who are paying the royalty’. The court has indicated that irreparable injury would be caused due to erosion of the licensing ecosystem. However, instead of granting an interim injunction, the court has quickly moved to award interim royalties.¹¹² The failure to pay these royalties could lead to the operation of the injunction. In other FRAND disputes, the courts have refused interim injunctions in case a party can adequately be compensated in terms of money if the court can sufficiently protect the interest of the plaintiffs by passing certain other directions.¹¹³ No further analysis has been provided on why monetary damages are themselves sufficient owing to FRAND obligations, which practically doesn’t tell us much about the impact of FRAND on injunctive relief.

Interim injunction could be denied if the defendant could not be adequately compensated through a cross-undertaking in damages.¹¹⁴ Although interim royalties were granted in a large number of SEP cases, the courts have required the plaintiff to ‘furnish surety bonds for the amount received on quarterly basis with advance copies’.¹¹⁵ In other situations, cross-undertaking have been of limited use from the point of view of infringing defendants, who were able to raise it when asking for a declaratory remedy.¹¹⁶

111. *Merck Sharpe and Dohme v. Glenmark Pharmaceuticals*, 201 DLT 126 (Del. High Ct. 2013).

112. *See Ericsson v. Intex*, *supra* n. 15.

113. *See Vringo v. India Mart*, *supra* n. 15.

114. *Hindustan Pencils v. India Stationery Products*, AIR 1990 Delhi 19 (Del. High Ct. 1990).

115. *Telefonaktiebolaget LM Ericsson v. Mercurry Elegronigs and Ors*, MANU/DE/2127/2017 (Del. High Ct. 2017).

116. *Micromax v. Ramkumar*, 44 PTC(P&H) 408 (P&H High Ct. 2010).

[3] *Balance of Convenience and Public Interest*

The balance of convenience factor requires the court to analyse whether the refusal or grant of an injunction will cause an adverse impact on any of the parties before the court. Here the court will assess whether or not comparative mischief or inconvenience will be caused to any of the party either by granting or denying the injunction. It is pertinent to note that the public interest factor has emerged in the Indian context by the court's willingness to incorporate it in the analysis of balance of convenience.

In one of the earliest pharmaceutical patent dispute,¹¹⁷ wherein the applicant sought injunction against a lifesaving drug, the Court observed that huge price differential between alternate drugs and the public interest in access for the people to a lifesaving drug would tilt the balance in favour of the defendant.¹¹⁸ However, it must be noted that while the single judge decision relied on public interest as a factor to refuse an injunction, the division bench rather focused on the element of irreparable harm being caused to several lives.¹¹⁹ The order passed by the single judge bench of the High Court was later also approved by a division bench.¹²⁰ The court in this case seemed to have been concerned with the fact that withdrawing supply of the drug may cut off access and could have immense implications for the general public who were not parties to the suit.

The Supreme Court while discussing balance of convenience has observed that an interim injunction is granted to mitigate the risk of injustice to the plaintiff during the period while the suit is pending.¹²¹ However, this injustice needs to be weighed against the need of the defendant to be protected from the injuries resulting from a grant of injunction preventing him from exercising his own legal rights, for which he cannot be adequately compensated. Thus, the Court needs to look at these factors while adjudicating balance of convenience. Therefore, this determination is very fact-specific and differs from case to case.

In denying an injunction based on evaluation of balance of convenience, the Division Bench of the Delhi High Court has noted '[s]ultification of defendants investment, loss of employment, public interest in the product (such a life-saving drug), product quality coupled with price, or the defendant being smaller in size, may go against the plaintiff. Cases of a Bridgehead (only a short period to go before expiry of plaintiff's patent), parties being of equal size, – may go in favour of plaintiff. Case of

117. *Roche v. Cipla*, 148 DLT 598 (Del. High Ct. 2008).

118. *Roche v. Cipla* The single judge noted: 'this Court is of the opinion that as between the two competing public interests, that is, the public interest in granting an injunction to affirm a patent during the pendency of an infringement action, as opposed to the public interest in access for the people to a lifesaving drug, the balance has to be tilted in favor of the latter. The damage or injury that would occur to the plaintiff in such case is capable of assessment in monetary terms. However, the injury to the public which would be deprived of the defendant's product, which may lead to shortening of lives of several unknown persons, who are not parties to the suit, and which damage cannot be restituted in monetary terms, is not only uncompensatable, it is irreparable. Thus, irreparable injury would be caused if the injunction sought for is granted'.

119. *F. Hoffmann-La Roche Ltd. v. Cipla* (2009) 159 DLT 243 (DB).

120. *Ibid.*

121. *Hindustan Petroleum Corp. Ltd. v. Sriman Narayan*, 2002 5 SCC 760 at para. 8.

snowball (more future infringements) may not tilt the balance in favour of plaintiff... Again, even delay of a few months in some cases has led to refusal of injunction'.¹²² Ergo, although some courts have viewed public interest as a separate factor, this case stands for the proposition that public interest may be evaluated in the context of applying the test of balance of convenience.

It is interesting that the balance of convenience almost relies on the fact of defendant being in the market and selling her product. The idea is that an interim injunction could lead to the defendant having to shift production, causing loss of revenue and employment. But it does not answer a situation where production lines are situated outside the country, and if at all, harm may be caused to the party without backward vertical integration, i.e., only a distributor. This can be witnessed in a large number of FRAND cases where the defendants are a large number of distributors with practically no manufacturing done in India. Some other courts have held that finding the balance of convenience is a case specific inquiry where the plaintiffs will have to establish 'whether it is marketing the product in the Indian market, whether it has approached the court with clean hands without concealment of material facts and whether there has been any delay in approaching the court, etc'.¹²³

The Supreme Court noted that the 'first ingredient is about the use of the patent by the applicant and the respondent. It is true that in cases where the use of the applicant's patent is recent in origin or the patentee has not even used or commenced to release its product, then such patentee is not entitled for the grant of injunction'.¹²⁴ The court noted that since the defendant was in the market, the balance of convenience was in its favour because the patentee could be monetarily compensated through a cross-undertaking by any of the party since both sides were able to pay any damages which would be awarded against it after completion of the trial.¹²⁵ In this matter involving FRAND-encumbered patents, the single judge noted acquiescence of infringement by Nokia before it assigned its patents to the current plaintiffs, nor have other licensees of the plaintiffs (who the court assumes could be direct competitors) have claimed infringement. It further observed that the fact of commercial working of the patent based on a licence by the plaintiff was not mentioned in the plaint (but in a rejoinder) and hence the balance of convenience was in favour of the defendant.

In India, this requirement can be traced back to two cases.¹²⁶ In both these cases injunction was refused on the ground that the patent was not being worked in India. The Court took into consideration the economic disadvantages of granting injunctions for patents invented abroad, which are only registered in India and not worked. Thus, it is now well settled that if patent has not been sufficiently exploited in India and there is no user of the said patent in commercially viable form in India, the court may refuse to grant an injunction.¹²⁷

122. Franz Xaver Huemer.

123. See *Vringo v. India Mart*, *supra* n. 15.

124. See *Bajaj Auto v. TVS*, *supra* n. 90.

125. See *Vringo v. India Mart*, *supra* n. 15.

126. *NRD Corporation of India v. DC & G Mills* 1980 AIR Delhi 132 (Del. High Ct.) and *Franz Xaver Huemer v. New Yash Engineers* 1997 AIR Delhi 79 (Del. High Ct.).

127. *Sandeep Jaidka v. Mukesh Mittal & Anr*, 50 PTC 234 (Del. High Ct. 2014).

Further, Delhi High Court has recently summarized the equitable principle while dealing with public interest and injunctions.¹²⁸ It held that Courts must look at the public interest in granting an injunction. In this case it was access to drugs used for treatment of diabetes, a disease highly prevalent in India. Courts can in some cases overlook the public interest to prioritize maintaining the integrity of the patent system itself, so that a legitimate monopoly is not distorted. This is because, in cases where an infringer is allowed to operate in the interim during the trial, it may result in a reduction in price by that infringer since he has no R&D costs to recover and almost the entire revenue becomes profit.

In a decision with far-reaching impact, court refused to grant an injunction against a defendant which was manufacturing for export a drug for treatment of erectile dysfunction, which was viewed from the perspective of public interest.¹²⁹ The Court expanded the scope of public interest departing from cases such as *Roche* wherein the drugs were lifesaving ones to lifestyle drugs. Rather than relying on threat to public health, Court focused on the public interest in form of the socio-economic factors such as 'loss of employment at Ajanta' and 'the loss of revenues to the state'.¹³⁰ However, the precedential value of the above mentioned case is narrow due to another later decision of the Delhi High Court, where it did not hold that export of non-life-saving drugs are in public interest.¹³¹ It refused the argument that export is in public interest as they earn foreign exchange and encourage economic activity, and observed that the order in the Ajanta case is only an ad-interim order and hence does not qualify as precedent.¹³²

Assessing the balance of convenience in the grant of interim injunctions in the agro-biotech sector have played out differently because of the interplay between existence of earlier licence between the parties and regulatory price controls imposed by the government on BT cotton seeds. In a situation where Monsanto terminated its technology licensing agreement covering a patent granted on BT gene due to its non-acceptance of depressed royalties from the licensee based on price control, the Delhi High Court vacated the ad-interim injunction.¹³³ It noted that an injunction operated only with reference to sale of seeds manufactured at risk after the termination of the contract. But since it instead chose to restore the contract by granting an injunction for specific performance under the Specific Relief Act, the interim injunction was nullified. It was Monsanto's claim that an injunction to restore its contract was unwarranted since monetary damages would be sufficient if a breach of contract was ultimately found.

128. *Merck Sharp and Dohme Corporation and Anr. v. Glenmark Pharmaceuticals*, 6 SCC 807 (Ind. Supreme Ct. 2015).

129. *Bayer Intellectual Property GmbH v. Ajanta Pharma Ltd*, available at http://delhihighcourt.nic.in/dhcqrydisp_o.asp?pn=4898&yr=2017 (accessed 31 Jul. 2018) (Del. High Ct. 2017).

130. *Ibid* at para. 11. Also see, Ashish Bharadwaj, *Patent Injunction and the Public Interest in India*, 40(1) EIPR 55 (2018).

131. *Bayer Intellectual Property v. BDR Pharmaceuticals International* (Del. High Ct. 2017), available at http://delhihighcourt.nic.in/dhcqrydisp_o.asp?pn=30334&yr=2017 (accessed 31 Jul. 2018).

132. *Ibid*.

133. *Monsanto v. Nuziveedu*, 239 DLT 599 (Del. High Ct. 2017).

Although this decision was briefly stayed by the Division Bench, it created a situation where the contract had terminated, but the patentee was left with no interim remedy against an infringing defendant (seed company), notwithstanding its prima-facie validity being upheld by the court. This situation was cured only when the court finally revoked Monsanto's patent for invalidity and noted that 'a negative obligation, implied to honour the existing law, binds the parties' and hence parties could be coerced in to performing the contract.¹³⁴ The court also highlighted public interest and access to cotton seeds for India's farming community and noted that 'the denial of a positive order... results in the violation of provisions of the Essential Commodities Act'.¹³⁵ The implication of this decision is clear since a revocation of a patent was not sufficient to ensure supply of off-patented technology underlying the seeds. The court had to resort to mandatory injunctions by demanding specific relief under a technology licensing contract which does not exist due to its termination and expiry of the patent which formed the subject matter.

[B] Ex Parte Injunctions

While CPC provides for issuance of ex parte interim injunctions,¹³⁶ courts have noted the scope for its abuse and cautioned on steps it must take before issuing an ex parte injunction.¹³⁷ A requirement that an ex parte must be granted only in exceptional circumstances, and that they must be vacated within thirty days failing which the court must cite reasons in writing is the law laid down by the Supreme Court.¹³⁸ The Supreme Court has also held that an ex parte which fails to follow processes can be vacated in appeal and action against erring judicial officers could be taken.¹³⁹ Courts have observed that 'granting of ex-parte injunction along with appointment of Local Commissioner has become a routine process' and that plaintiffs avoid trial on merits and that '[a]ll kinds of excuses are used to seek adjournments once a party gets ex parte injunction'.¹⁴⁰

The Supreme Court has laid down guidelines, which if implemented in letter and spirit, could improve the system.¹⁴¹ Since it noted the abuse of injunctions based on forged documents to create pressure on the other side, the Supreme Court observed that the Court must be extremely careful in granting ex parte ad-interim injunctions and should take an undertaking from the plaintiff to pay mesne profits and costs in case of dismissal of the interim application.¹⁴² The court noted the trouble in vacating interim injunctions and efforts made by plaintiff to prolong the effect of an interim injunction by causing delays.

134. *Nuziveedu v. Monsanto*, 2018 SCC OnLine Del 8326 (Del. High Ct.).

135. *Ibid.*

136. *See supra* n. 79.

137. *Microsoft Corporation v. Dhiren Gopal and Ors.*, 42 PTC 1 (Del. High Ct. 2010).

138. *Venkatasubbiah Naidu v. S. Chellappan and Ors.*, 2000 AIR SC 3032 (Del. High Ct. 2000).

139. *Ibid.*

140. *Microsoft Corporation v. Dhiren Gopal and Ors.*, 42 PTC 1 (Del. High Ct. 2010).

141. *Ramrameshwari Devi v. Nirmala Devi*, 8 SCC 249 para. 44-46 (Supreme Ct. 2011).

142. *Ibid.*

The Supreme Court has observed that as a matter of principle an 'ex parte injunction could be granted only under exceptional circumstances' and laid down factors which must be taken into account.¹⁴³ It was noted that courts should look at whether irreplaceable or serious mischief will ensue to the plaintiff and whether the refusal would involve greater injustice to the plaintiff than the grant would.¹⁴⁴ The Court also observed that the time at which the plaintiff first had notice of the act complained is also relevant to avoid making an improper order against a party in its absence, since the plaintiff had acquiesced to the infringement.¹⁴⁵ In any case the injunction would only operate for a limited time, and the general principles of prima facie case, balance of convenience and irreparable injury continue to apply.¹⁴⁶ Courts have clearly held that if the grant of interim injunction is going to result in closure operation/business of the defendant, in such cases the injunction should not be granted.¹⁴⁷ Particularly, as per the court, an ex parte injunction should not be granted in cases where the plaintiff has not shown any evidence or proof of infringement. The court has taken the view that in case of process patents an ex parte should not be granted unless the plaintiff has adduced independent expert evidence who has tested the infringing product for infringement and an opportunity is given to the defendant to explain non-infringement.¹⁴⁸ This requirement of hearing effectively bars process patents from an ex parte injunction.¹⁴⁹

However, the practice is far removed from the law as ex parte injunctions are prone to misuse because of the difficulty in getting them vacated. A commentator has noted in a recent study that in many cases of pharmaceutical ex parte injunction, the name of the defendant is masked to show as an individual instead of the company she belongs to.¹⁵⁰ This may be done to create an impression that the defendant is not a well-established entity or is a fly-by-night operator, which cannot be verified at the time of granting an ex parte. In another case, the courts have granted ex parte injunction on the existence of the patent grant number, without going into any details, especially on account of patentee amending her claims that were found to be distinct from the original.¹⁵¹ In this context, the patentee was able to obtain royalties from small importers of mobile phone, until the patent was revoked by the IPAB when it was finally challenged by a telecom major Samsung Inc.¹⁵²

143. *Morgan Stanley Mutual Fund v. Kartick Das*, 4 SCC 225 para. 36 (Supreme Ct. 1994).

144. *Ibid.*

145. *Ibid.*

146. *Morgan Stanley Mutual Fund v. Kartick Das*, 4 SCC 225 para. 36 (Ind. Supreme Ct. 1994)

147. *FDC Limited v. Sanjeev Khandelwal*, 35 PTC 436 (Mad. High Ct. 2007).

148. *Ibid.*

149. *Ibid.*

150. Sandeep Rathod, *Injunctions in Indian Pharmaceutical Patent Infringement Actions: Some Observations* (available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2758327) (accessed 31 Jul. 2018).

151. Saahil Dama, *Interrogating Interim Injunctions: Ramkumar's dual-SIM patent*, <https://spicyip.com/2015/06/interrogating-interim-injunctions-ramkumars-dual-sim-patent.html> (accessed 31 Jul. 2018).

152. *Ibid.*

Further, in several matters especially those pertaining to patents, parties often obtain an injunction and then delay the proceedings.¹⁵³ Also, ex parte orders leave dangerous scope for abuse as can be seen in the *Symed* case where two process patents were alleged to have been infringed.¹⁵⁴ In this case, ex parte injunctions were issued against three defendants, where only one was vacated within a period of two weeks. The defendant was able to later show through the plaintiffs lab reports that the defendant's product was not the exact process covered by the patents. However, since an ex parte was granted in this matter compounded with the difficulty of getting it vacated, there was no early scope for showing that a case may not exist. While Order 39A requires that a petition for vacation be heard expeditiously, in several matters it has been observed that ex parte injunctions and the trouble in vacating them is endemic to the system.¹⁵⁵ The inability of the courts to distinguish between fly-by-night operators (which may exist in some situations such as smartphone vendors, where licensing is concluded at the device level) and a manufacturing defendant (which may or may not directly compete with the patentee's invention), renders an ex parte injunction a potent weapon in the hands of the patentee.

[C] *Quia-Timet Injunctions*

It may be noted that an overwhelming number of ex parte cases in pharmaceuticals are indeed quia-timet in nature. These injunctions are granted in a number of ex parte proceedings based on the fear or threat of infringement. Again, quia-timet injunctions have a historical legacy in the English courts of equity. The English courts have stated that at least two necessary ingredients are required for such an action. (i) proof of imminent danger, and (ii) proof that the damage is substantial and could cause irreparable harm from which the plaintiff cannot protect herself if quia-timet injunction is denied.¹⁵⁶ Indian courts have recognized the availability of quia-timet injunction based on the decisions of the English courts of equity, but have been sceptical of granting them where plaintiffs approach with unclean hands or when there is no damage or irreparable loss shown.¹⁵⁷ Indian courts have also granted quia-timet injunctions in several trademark cases,¹⁵⁸ but have now been routinely granted in patent cases, too.¹⁵⁹

153. See *Sandeep Jaidka v. Mukesh Mittal & Anr*, supra n. 127.

154. *Symed Labs v. Glenmark Pharmaceutical Ltd.*, 2015 SCC OnLine Del 6745 (Del. High Ct.).

155. Balaji Subramanian, *Interrogating Interim Injunctions: Ex Parte Delays In Symed And Issar*, <https://spicyip.com/2015/05/interrogating-interim-injunctions-ex-parte-delays-in-symed-and-issar.html> (accessed 2 Mar. 2018).

156. *Fletcher v. Bealey*, 28 Ch. D. 688 (1885).

157. *P.G. Narayanan v. The Union Of India*, <https://indiankanoon.org/doc/1800024/> (Mad. High Ct. 30 May 2005).

158. *Pfizer products Inc v. Rajesh Chopra*, 32 PTC 301 (Del. High Ct. 2006).

159. Madhulika Vishwanathan, *It's raining Injunctions: Novartis Granted Injunctions Against Four Other Generic Makers over Galvus*, <https://spicyip.com/2014/04/its-raining-injunctions-novartis-granted-injunctions-against-four-other-generic-makers-over-galvus.html> (accessed 31 Jul. 2018).

Quia-timet injunctions have been heavily criticized since they are granted in pharmaceutical patent matter where relief is sought against generic manufacturers. The patentee plaintiffs were able to satisfy the reasonable threat of infringement by bringing to the notice of the court that both these companies had obtained a manufacturing license and permission to sell generic versions of the patented drugs. The information was obtained by filing RTI (right to information) applications with the local Drug Controller. The court agreed with patentee's argument that the manufacturers were about to launch their product and lack of an injunction would lead to irreparable harm.¹⁶⁰ Here the court carved an exception that acts of the defendant which were covered by section 107A (Bolar/ regulatory review purpose) were exempt from quia-timet action.¹⁶¹ A quia-timet injunction was also obtained against another generic based on the threat imputed from a revocation application filed before the IPAB wherein it had sought manufacturer approval from the Drug Controller.¹⁶² However, prior to this both the Delhi High Court and Madras High Court had refused quia-timet injunctions. The Delhi High Court refused to grant a quia-timet action as its very jurisdiction to hear the dispute was in question.¹⁶³ In the other case, the defendant had made a mere statement in a revocation petition about his intention to commercially use the patent and had also conducted clinical trials. The Madras High Court took a cautious approach and refused to grant an injunction on these grounds.¹⁶⁴

Thus it appears that Indian courts have not adopted any consistency in determining the exact standard for proof of imminent danger before granting of quia-timet injunction. Further, concerns have been raised on whether quia-timet injunctions can be granted in patent-related proceedings as there exists no presumption of validity of a registered patent in India. This is coupled with the low quality of patents due to inadequate examination and opposition proceedings thus making quia-timet injunctions create a risk for abuse in the market.¹⁶⁵ It has also been noted that the standards for quia-timet injunctions loosely applied since a mere marketing approval obtained from the drug regulator by the defendant company or allegations of clinical trials is not an indication of imminent danger absent the proof of companies taking steps to advertise the launch.¹⁶⁶ It may be observed that such actions have become popular after an era when interim reliefs were denied based on application of equitable factors such as lack of irreparable harm or presence of public interest (due to lower prices and

160. *Ibid.*

161. *Novartis AG v. Cadila Healthcare*, CS(OS) 1052/2014 (Del. High Ct. 2014); *Novartis AG v. Glenmark Generics*, CS(OS) 1054/2014 (Del. High Ct. 2014); *Novartis AG v. Alembic Pharmaceuticals*, CS(OS) 1051/2014 (Del. High Ct. 2014).

162. Madhulika Vishwanathan, 'It's Raining Injunctions: Novartis Granted Injunctions against Four Other Generic Makers over Galvus'. (*SpicyIP*, 2018) <https://spicyip.com/2014/04/its-raining-injunctions-novartis-granted-injunctions-against-four-other-generic-makers-over-galvus.html> (accessed 1 Mar. 2018).

163. *Bristol Myers Squibb Company v. Bhutada and Ors.*, MANU/DE/3672/2013 (Del High Ct. 2013).

164. *Matrix Laboratories Limited v. F Hoffman-La Roche* 1 CTC 381 (Mad. High Ct. 2012) (1).

165. Aparajitha Lath, "Analysing the Pitfalls of Indian Patent Injunctions based on Fear of Infringement," 19 JIPR 253 (2014).

166. *Ibid.*

access issues), and at risk launches had become popular.¹⁶⁷ However, quia-timet injunctions practically foreclose the at-risk launches and may delay the entry of infringing drugs, although their patent validity may be suspect.¹⁶⁸

[D] Permanent Injunctions

In India, suits rarely reach the stage of a permanent injunction, as it can only be granted after a full completion of trial. Since India's compliance with the TRIPS agreement, there are very few cases where trial has been concluded and a permanent injunction has been awarded. The factors for granting a permanent injunction are the same as in case of interim injunctions, except that the plaintiff does not need to establish a prima facie case any longer. Instances can arise wherein a permanent injunction might not be granted even though the court finds that the valid patent was infringed.

One of the first celebrated cases, the Delhi High Court granted a permanent injunction against Glenmark for infringing Merck's patent on the pharmaceutical compound Sitagliptin for the treatment of diabetes. It may be noted that the court did not evaluate factors for granting the permanent injunction. This could be because of the fact that the Division Bench of the Delhi high court had made an elaborate analysis of why Merck was entitled to an interim injunction,¹⁶⁹ although the Supreme Court had later stayed the interim injunction and ordered an expedited trial. The Supreme Court had noted that since there was no stay for a long time, it was perfectly reasonable to have few more weeks without an injunction by allowing Glenmark to sell existing stocks. It may be noted that the trial was concluded in six months when compared to the interim phase which had taken more than two years. The trial judge however noted that since the issues for damages were not framed, it was not justifiable to quantify damages and proceeded to award actual costs of the proceeding in favour of the plaintiff.

In another case, a division bench of the High Court while holding that the Roche's patent was valid and infringed by Cipla refused to grant a permanent injunction as only a few months were left for the expiry of the patent and that no interim injunction had been granted earlier.¹⁷⁰ As noted by a commentator, '[w]hether or not the final ruling in *Roche v. Cipla* will be tantamount to a compulsory licensing order will turn on the final quantum of damages awarded to Roche'.¹⁷¹ The argument is that if Cipla is liable to repatriate all profits made by it by selling the infringing drug, it would be higher than a rate fixed by way of a compulsory licence.¹⁷² This some believe would act as a

167. Jayati Ghose, *In India Copycat Drug Firm Get Off Lightly Compared with US* (available at <https://www.financialexpress.com/archive/in-india-copycat-drug-firms-get-off-lightly-compared-with-us/1130380/>) (accessed 31 Jul. 2018).

168. The validity problem is acute in pharmaceuticals since s. 3(d) provides a layers of exclusions, which have been misapplied in a large number of cases. Thus secondary patents in pharmaceuticals in India may be largely suspect. See Feroz Ali, *supra* n. 28.

169. *Merck v. Glenmark*, 2015 SCC OnLine Del 8227 (Del. High Ct.).

170. *F. Hoffmann-La Roche Ltd v. Cipla Ltd.*, 225 DLT 391 para. 134 (Del. High Ct. 2015).

171. See Basheer, *supra* n. 5.

172. *Ibid.*

deterrent for further infringement.¹⁷³ But in a country where exemplary damages in patents are not routinely granted,¹⁷⁴ it remains to be seen if the courts would factor in the price erosion factor in evaluating damages. It may be noted that non-grant of a permanent injunction and delay caused in trial could severely effect patent holders right to exclude.

The first SEP trial concluded in July 2018 provides an indication on the evidentiary factors and the burden to be discharged by parties in an infringement suit involving FRAND obligations. A permanent injunction was not granted because the patent had expired in February, 2015.¹⁷⁵ The court has held that 'reasonable royalties for standard essential patents are not only in terms of FRAND but also the incremental benefit derived from the invention'.¹⁷⁶ It proceeded to award royalties based on what was demanded during informal negotiations in the absence of any counter-offer by the defendant which could have provided indications on a different methodology. The award of damages in this case has the same effect of granting an injunction since the patentee's FRAND offer has been considered as basis for awarding of damages. In effect, the decision will push parties towards good faith negotiations, including the need for a counter-offer from the defendant.

§ V. CONCLUSION

It is clear from the above discussion that the law on patent injunctions in India is in a state of deep flux because of obscurity arising from principles and practice. First, while global debate on normative objectives of the patent system and its impact on injunctive relief may have had some influence on the availability of injunctions in India, the case law in India has developed in remarkably different ways. The lack of presumption of validity, existence of both pre-grant and post-grant opposition mechanisms at the patent office, broader provisions for revoking patents and availability of compulsory licences, including working requirements, and external price controls could distinguish outcomes from other jurisdictions, where equities have to be solely managed through tailoring injunctive relief. However, the existence of distinct normative basis factored in the public interest provisions of the patent system in India has perhaps not been factored into patent injunction analysis. The grant of ex parte patent injunctions in a routine manner leads one to conclude that courts in India have overstepped. This is particularly so because many of such orders do not even assign sufficient reasons for granting such strong remedies.

Interim injunctions have also remained controversial since many of them have been granted by conducting mini trials. This almost leaves the parties to settle the dispute under the shadow of an injunction due to prolonged litigation take may take

173. *Ibid.*

174. Pratibha M. Singh, *Damages in Patent infringement* (available at <http://apaaindia.org/docs/presentations/Damages%20in%20Patent%20infringement.pdf>) (accessed 31 Jul. 2018).

175. *See Phillips v. Rajesh Bansal, supra* n. 11.

176. *Ibid.*

years in India. It has played differently in different sectors. In case of FRAND-encumbered patents, which are largely in the ICT sector, courts have drawn interim injunction by holding defendants as unwilling licensees. But the way in which it operates is based on interim royalties being granted by using comparable licences. The courts have noted that irreparable harm could be caused if the plaintiff was left with no remedy in FRAND cases since it could have an impact on the entire licensing ecosystem. Hence if the defendants do not agree to pay up, the interim injunction would come in to force. In other cases, particularly in the area of pharmaceuticals, the spate of at-risk launches has been substantially deterred by the grant of *ex parte* quia-timet injunction purely based on the apprehension of infringement.

The way in which balance of convenience has played out along with public interest attached to the requirement of the patentee to 'work' her invention provides another counter narrative. As a developing country with the need to provide access to medicines, this may not be actually surprising. However, the inability of the courts to distinguish between immediate public interest and overall public policy is striking since it has refused injunctions even in cases of lifestyle drugs. Furthermore, the deeper conflation in the instrumentalities between patents, contract law and essential commodities law has led to a unique situation in bio-tech area because a mandatory injunction has been issued to supply technology to seeds companies (previously licensees) on an off-patented invention keeping in mind the unique public interest in the farming sector. Lastly, permanent injunctions have not seen the light of the day since only few cases have been adjudicated, that too at the near end of the patent term or even post-expiry.

The basic claim made in this chapter is that Indian courts have contributed to the law of injunction by adopting a heuristic approach since infringement trials take years to conclude. Pendency of litigation pushes the courts to grant strong interim remedies. All that can perhaps be said is that while the continued availability of injunctions in specific cases is important for preserving the balance between incentives for innovation and for securing greater technology diffusion in India, the way in which courts have awarded injunctions without sufficient analysis leaves much to be desired. Overall, the courts could do well to avoid generalist presumptions about the supposed normative objectives or patent system in the grant of remedies since it would amount to double counting of the policy objectives underlying the patent system.