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Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 8

NOTE : Answer ALL Questions.

1. Read the following case-study and answer the questions that follows :

A question for adjudication, whether section 107A of the Patents Act, 1970 permits export from India of a patented invention, even if solely for uses reasonably related to the development and submission of information required under any law for the time being in force, in India, or in a country other than India, that regulates the manufacture, construction, use, sale or import of any product, came up before the High Court of Delhi.

The petitioner, *Bayer Corporation (Bayer)* filed a writ petition in the High Court of Delhi contending that *Natco* was granted a Compulsory Licence by the Controller of Patents for the drug 'Sorafenib Tosylate' under section 84 of the Patents Act, subject to certain terms and conditions contained therein, that one of the said terms was that the Compulsory Licence was solely for the purposes of making, using, offering to sell and selling the drug covered by the patent for the purpose of treating HCC and RCC in humans within the territory of India, that *Natco* was however manufacturing the product covered by the Compulsory Licence for export outside India and that the export by *Natco* was contrary to the terms of Compulsory Licence and amounted to infringement of the patent within the meaning of Section 48 of the Patents Act.

Natco filed a counter affidavit in the writ petition *inter alia* pleading (a) that *Natco* had not exported any product (subject matter of Compulsory Licence); (b) that under the scheme of the Drugs and Cosmetics Act, 1940 (Drugs Act) permission was routinely granted for export to various countries upon compliance of certain conditions and that there were similar provisions in the western countries including Europe; (c) that the Patents Act also provided that export of a patented product for generation or submission of regulatory permission was not an act of infringement; (d) that the export by *Natco* was also for regulatory purposes (e) that such export

was not at all barred by the Compulsory Licence; (f) that the activity of conducting studies for regulatory approval was squarely covered under Section 107A of the Patents Act, and (g) that Natco had never exported the finished product to any party outside India for commercial purpose.

Bayer, in its rejoinder to the counter affidavit aforesaid pleaded (i) that Section 107A of the Patents Act had no application as the acts contemplated thereunder, of making, constructing, using, selling or importing a patented invention, were to be performed within the territory of India and that the information from such activity could be submitted with the regulatory authorities either in India or with the countries other than India; (ii) that Section 107A of the Act did not contemplate export of product *per se* but was limited to information generated within the territory of India; and (iii) that export of a product covered by Compulsory Licence under the garb of Section 107A of the Act was abuse of the process of law.

It was the contention of the senior counsel for Bayer (a) that the rights, if any of Natco, under Section 107A of the Act stood surrendered on Natco obtaining the Compulsory Licence and thereafter Natco was governed only by the terms of the Compulsory Licence ; (b) that such giving up of statutory rights under Section 107A of the Act flowed from Section 84(4) of the Patents Act, (c) that the word ‘selling’ in Section 107A of the patents Act meant selling in India only and did not include export; (d) that Section 107A of the Act, owing to its history called the ‘Bolar Provision’ was only to enable the activities mentioned in Section 107A of the Act within India and not for exports; (e) that Section 107A of the Act was not enacted for seeking approval to manufacture a new drug in other countries; (f) that to read the word ‘export’ in Section 107A would amount to making laws for other countries, and (g) that Section 107A of the Act used the word ‘import’ and from absence of the word ‘export’ therein, the only logical conclusion was that exports of patented invention were outside the ambit of Section 107A of the Act (reproduced below).

Section 107A of the Patents :

“For the purposes of this Act (a) any act of making, constructing, using, selling or importing a patented invention solely for uses reasonably related to the development and submission of information required under any law for the time being in force, in India, or in a country

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other than India, that regulates the manufacture, construction, use, sale or import of any product (b) importation of patented products by any person from a person who is duly authorised under the law to produce and sell or distribute the product, shall not be considered as a infringement of patents rights.”

It will be in order to reproduce Section 48 of the Copyright Act to provide the context.

Section 48 : *“Rights of Patentees—Subject to the other provisions contained in this Act and the conditions specified in Section 47, a patent granted under this act shall confer upon the patentee—(a) where the subject matter of the patent is a product, the exclusive right to prevent third parties, who do not have his consent, from the act of making, using, offering for sale, selling or importing for those purposes that product in India; (b) where the subject matter of the patent is a process, the exclusive right to prevent third parties, who do not have his consent, from the act of using that process, and from the act of using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India.”*

The said Section 48 prescribes the rights of a patentee on conferment of patent. Those rights vest exclusively in the patentee. Axiomatically, exercise of any of those rights by a non-patentee would be infringement of patent. Counsel for Bayer contended that, the acts of a non-patentee (Natco) of making, using offering for sale, selling patented products would be infringement of patent and that the patentee was entitled to approach the Courts to prevent the non-patentee from doing the said acts.

The senior counsel for Natco argued (i) that the exports intended by Natco were only for research and development purposes and for obtaining the drugs regulatory approvals in the countries to which exports were intended (ii) that Natco was not intending export of the product covered by the Compulsory Licence for commercial purposes (iii) that before a new drug was granted marketing approval, the drug regulatory authorities had to test its safety, efficacy and therapeutic value by requiring clinical trials to be undertaken; (iv) that Indian pharmaceutical industry was

the largest exporter of generic drugs; and the biggest supplier of medicines to the developing world; (v) that research and development activity with respect even to patented drugs, for submission of data to the Drug Regulatory Authority, was not infringement; (vi) that Section 48 of the Patents Act was subject to other provisions of the Act, (vii) that the rights of Natco under Section 107A were independent of the Compulsory Licence; and (viii) that grant of compulsory Licence could not be in negation of the rights under Section 107A.

Further argued Natco that it was the purpose which distinguished, whether the impugned acts constituted infringement of patent or not. If the said purpose was within the confines of Section 107A, the acts so done would not constitute infringement and the patentee would not have the right to prevent a non-patentee from doing them. However, if the purpose of doing the acts of making, using, selling or importing a patented invention was not solely for the purposes prescribed in Section 107A, the said acts would constitute infringement of patent and the patentee would have the right to prevent a non-patentee from doing them. Hence the need for the word 'selling' in Section 107A.

Thus, sale by a non-patentee of a pharmaceutical product solely for the purposes prescribed in Section 107A would also not be infringement and cannot be prevented. Bayer could not controvert that such selling of patented invention, even if for profit, as long as solely for the purposes prescribed in Section 107A, is not infringement and cannot be prevented.

The point of difference between Bayer and Natco is qua selling outside India. While Bayer contended that the word 'selling' in Section 107A was confined to within the territory of India and that selling of patented invention outside India even if for purposes specified in Section 107A would constitute infringement which could be prevented by patentee, the contention of the senior counsels for Natco was that use of the word 'selling' under Section 107A was without any such restriction of being within India only and would include selling outside India also, so long as solely for the purposes proscribed in Section 107A.

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An issue that was raised during the proceedings in the Court related to the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement). India as a party to the TRIPS agreement has agreed to give effect to the provisions thereof without being obliged to implement in its law more extensive protection than is required by it, provided that such protection does not contravene the provisions of the TRIPS Agreement. Else, India is free to determine the appropriate method of implementing the provisions of the TRIPS Agreement within its own legal system and practice. The objective of the TRIPS Agreement, as per Article 7 thereof, is protection and enforcement of intellectual property rights, to contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare and to a balance of rights and obligations. Per Clause 1 of Article 8 the TRIPS Agreement, member countries, in formulating and amending their laws and regulations, have discretion to adopt measures necessary to protect public health and nutrition and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of the TRIPS Agreement.

Article 30 of the TRIPS Agreement entitles the member countries to provide limited exceptions to the exclusive rights conferred by a patent provided that such exceptions do not unreasonably conflict with the normal exploitation of the patent and so not unreasonably prejudice the legitimate interest of the patent owner, taking into account the legitimate interest of third parties. Article 31 of the TRIPS Agreement, while providing that the laws of member countries may allow use of patented product/process for certain purpose, vide Clause (f) provides that such use should be predominantly for the supply of the domestic market of the member country authorizing such use. It is the contention of counsels for Bayer, that the use permitted by Section 107A thus has to be for selling to the domestic market only and not for selling by way of export.

The submissions of both the parties traverse the contours of the Patents Act and TRIPS Agreement. Having regard to the submissions, answer the following questions.

Questions :

- (a) What is the spirit/basis for Section 107A of Patents Act ?
(15 marks)
- (b) Would the word 'selling' in Section 107A of the Patents Act include export ?
(15 marks)
- (c) Are the provisions Section 107A and Section 48 independent of each other ?
(10 marks)
- (d) Discuss the relevance of Art. 31 (f) of the TRIPS Agreement in the instant case.
(10 marks)

2. Read the following case and answer the questions given at the end :

The plaintiff, *Super Cassettes Industries*, contended before the High Court that the defendant, *SCN Sujla Channel*, a cable operator in Rajasthan was heavily using songs and film extracts to enhance its viewership. According to the plaintiff, in June 2015, when its executive captured on CD and DVD, the content being broadcast by the defendant, it realized that a major chunk of the content was copyrighted by the plaintiff and was broadcast without its consent.

Prominent examples of such content included such famous songs as Tere Mast Mast do Nain (Dabangg) Dhinkaqa Chika (Ready), and Sadi Gali (Tanu Weds Manu).

The plaintiff contended that it apprised the defendant of its public performance licensing scheme under which it could legally broadcast the infringing content and also sent it a cease and desist notice in August 2015 by which the defendant was requested to seek the requisite license and pay damages worth Rs. 25 lakhs for the infringement of the plaintiff's copyright. Since the defendant did not respond to the notice, the plaintiff contended that the defendant's conduct fell within the four squares of Section 51 of the Copyright Act and that the plaintiff was entitled to the grant of damages. Since the licensing fee charged by the plaintiff was Rs. 18 per month per household, and the defendant had thousands of connections, the plaintiff argued that it was entitled

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to damages worth Rs. 1 crore in addition to rendition of accounts of profit and delivery of the infringing tapes.

The Delhi High Court noted that the plaintiff had been able to successfully establish that, since it was the owner of copyright in the concerned content, its rights had been violated by the defendant within the meaning of Section 51 of the Copyright Act. Further, since the defendant did not indicate the names of the author or owner of copyright in the films and sound recordings broadcast by it, the Court held that it had failed to comply with the statutory command engrafted in Section 52A of the Act.

In the light of the fact that the defendant had infringed the plaintiff's rights in a deliberate and calculated fashion and did not even bother to contest the proceedings instituted by the plaintiff, the Court held that the grant of damages was warranted.

Thereafter, the Court articulated the proposition that the aim of such damages would not only be to penalize the wrongdoer but also to recompense the plaintiff for the loss suffered by it.

While the Court acknowledged the fact that the plaintiff's prayer for the grant of damages has gone un rebutted, it noted that it had not put forth any material that could assist the Court in ascertaining what illegal revenue was earned by the defendant by virtue of the infringing content. Holding that the plaintiff's rate card which indicated the licence fee that it charged cable operators for the broadcast of its content was an indicator of the profits that it could have earned, the Court held that the same could not take the plaintiff's case very far in light of the fact that its estimate of Rs. 1 crore was founded only upon its bald assertion that the defendant had thousands of customers.

Therefore, the Court asked the plaintiff to put forth cogent and reliable evidence to indicate the amount of compensatory damages that it was entitled to owing to the defendant's conduct and asked the defendant to share with the plaintiff its accounts of profits on the basis of which the plaintiff could compute the same. Finally, it granted punitive damages worth Rs. 5 lakhs in the interim.

Questions :

- (a) Does the Copyright Act envisage the grant of punitive damages ? Does the High Court have a legal basis for granting punitive damages ?
(5+5 marks)
- (b) Having asked the plaintiff to put forth cogent and reliable evidence to indicate the amount of compensatory damages that it was entitled to, was the Court correct in awarding interim damage of Rs. 5 lakhs ?
(10 marks)
- (c) Cite three case laws on grant of damages in IP infringements cases (no need to describe them). What provisions of Copyright Act apply in the instant case of Super Cassettes ?
(7+3 marks)
3. Only a registered trade mark owner can give notice of opposition. Discuss.
(5 marks)
4. What is 'Artistic Work' ? Can artistic work be registered as design under Designs Act, 2000 ?
(3+2 marks)
5. What is the relationship between the TRIPS Agreement and the Pre-existing International Conventions covered under it ?
(5 marks)
6. What is the difference between Intellectual Property Law and Technology Transfer ? Please analyze.
(5 marks)

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