

The Judgment can be accessed [here](#) at the website of the Delhi High Court.

The Judgment can also be accessed [here](#) at India Kanoon website.

The Facts: The brief facts of the case are as follows: The Plaintiff in this case, an American corporation by the name - Chemtura Corporation - were granted [Indian Patent No. 213608](#) for a 'Side bearing Pad' that is “specifically directed to devices that dampen lateral rolling motions that occur during the movement of railroad cars”. The equivalent US Patent is 7083165 and can be accessed [here](#).

Defendant 1 was the Union of India through the Ministry of Railways and its Original Equipment Manufacturers. Defendant No. 2,3 & 4 used to be licensees of the Plaintiffs before they began to independently manufacture and sell to Defendant No. 1 the allegedly infringing product.

On the first day of hearing, in May 2009, the Plaintiffs were granted an ex-parte ad-interim injunction restraining Defendants No. 2, 3 & 4 from infringing the Plaintiff's suit patent. Subsequently the Defendants sought vacation of the interim injunction on a host of grounds, the main being, suppression of facts before the Patent Office. They also claimed the Section 47 – 'government use' defence.

Justice Murlidhar through his Order dated August 28th, 2009 vacated the injunction with some damning findings against the Plaintiffs.

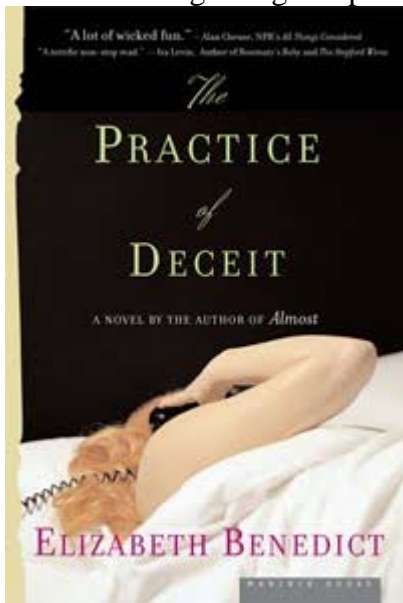
Plaintiff's Averments: As already mentioned above, the invention claimed that the suit patent, is aimed at dampening the roll forces experienced by a two stage suspension system of a railroad carriage. The invention at suit does so by absorbing and cushioning compression forces. The suit patent was granted to the Plaintiffs after the Patent Office carried out a due examination under Section 12 and 13 of the Patents Act. In order to establish a prima facie case of patent infringement the Plaintiffs pointed out that the drawings of the product, submitted to the Railways Board as a part of the tender process, clearly established that the Defendants were infringing atleast Claim 1 of the suit patent. In order to bolster its argument the Plaintiffs produced an expert witness affidavit. The expert in his affidavit testified that the Defendants product had all of the features required by at least Claims 1,3,6 and 14 of the suit Patent.

Defendant's Averments: The Defendants for their part viciously attacked the validity of the suit patent claiming that the suit patent was bad in law especially since the Plaintiffs had withheld crucial information from the Patent Office. I wish I could explain this in greater detail but the relevant part of the judgment i.e. para 16 is incomplete. The sum of the submission was that the Plaintiffs were forced to narrow their claims, before the EPO and the USPTO because of the prior art cited against them and that the Plaintiffs withheld this information from the Indian Patent Office thereby creating a very strong possibility of their patent being invalidated on the grounds of Section 8, which requires the patentee to keep the patent office apprised of all foreign patent prosecutions.

The Defendants also pointed out that while the USPTO and EPO pointed out several prior art documents forcing the Plaintiffs to restrict the scope of their claims, the Indian Patent Office for its part, had failed to raise any objections of a similar nature thereby implying that the patent office had not carried out a thorough search. This automatically brings into doubt the validity of the patent.

The Scope of Section 8 of the Patents Act

Section 8 of the [Patents Act](#) which is titled 'Information and undertaking regarding foreign applications' is a provision which will prove to be the Achille's heel for all Indian patentees. This provision requires all applicants to furnish the patent office with an undertaking that upto the date of grant of patent in India the Controller would be informed in writing, from time to time, detailed particulars in respect of every invention if any filed in any country outside India. The Section also gives the Patent Office the power to order the applicant to provide at any time before the grant of patent any information regarding the 'processing' of the application in a country other than India.



The Defendants for their part alleged that only did the Plaintiffs fail to make a Section 8 disclosure on their own but also blatantly mislead the Patent Office when the Patent Office sent them a Section 8 letter, dated 20th October 2004, requesting them to disclose “details regarding the search and/or examination report including claims of the application allowed.... in respect of same or substantially same invention filed in any one of the major patent office such as USPTO, EPO and JPO etc.” The Plaintiffs had replied to this request stating that there had been no further development subsequent and thus no further information was required to be submitted.

The Plaintiffs attempted to argue that as of the date of their reply to the Patent Office no grant of patent had been made by either the USPTO or the EPO and that the requirement of furnishing the information as asked for by the Controller, was required to be submitted only when a patent had been granted by such Foreign Patent Offices. The counsel for the

Plaintiffs – Mr. Shanti Bhushan – also pointed out that the word 'status' used in Form 3 (the procedural form corresponding to Section 8) only required the Plaintiff to indicate whether the application for patent in a country outside India was pending, allowed or dismissed. He urged before the Court that if every stage of the application in a country outside India has to be disclosed to the Controller of Patent it would make his task impossible and cumbersome.

The ruling on Section 8: The Court however shot down the Plaintiff's arguments and stated that this was exactly the requirement of Section 8. It went on to state in no uncertain terms that the Patent Applicant was required to have furnished any and all foreign search reports in his possession at the time of his reply to the Patent Office's request on the 17th of October, 2005. In the facts of the present case the USPTO had issued multiple Office Actions since the Plaintiff's patent application was repeatedly rejected until the claims were finally narrowed down to an acceptable limit. The fact that all of these amendments took place before the 17th of October, 2005 fatally affected the Plaintiff's case.

Conclusion: Given the obvious suppression of vital information Justice Murlidhar held that there was a prima facie ground to revoke the grant of the patent under Section 64 and held that the IPAB was at liberty to decide the same in the revocation petition filed by the Defendants. The only option left before the Patentees is to amend and narrow the claims before the High Court. This order is of some significance since it is one of the few orders on Section 8 of the Patent Act, 1970. Future patentees will now have to be extremely careful about their Section 8 disclosures.

The Section 47 aspect of the judgment will be covered in a subsequent post.

Continuing from the [last post](#) on Justice Murlidhar's Order, this post will attempt to understand the Delhi High Court's interpretation of Section 47 of the [Patents Act](#). As already explained in the earlier post one of the primary arguments of the Defendants was that Defendants 2,3 & 4 were manufacturing the infringing product on behalf of Defendant No. 1 (The Ministry of Railways) who had supplied the drawings of the product.

Defendants Arguments: It was argued by the Defendants that Section 47(1) which states that the grant of a patent under the Patent Act shall be subject to the condition that any machine apparatus etc. may be imported or made by or on behalf of the Government for the purpose merely of its own use exempts the Railways and its agents from being held liable for infringement under Section 48 of the Patent Act.

Plaintiffs Arguments: The Plaintiffs decided to counter this by repeatedly stating the contents of Section 156 of the Patent Act i.e. the patent shall bind the Government. They also seemed to have put up a feeble defence on the basis of the Bombay High Court decision in the Garware Wall Ropes Ltd. Case. This case is discussed below.

The Delhi High Court's ruling: In its Order the Delhi High Court sided with the

Defendants by ruling that Section 47(1) would bar the Plaintiff from “seeking to prevent Defendants 2 to 4 from making the subject device since it is going to be manufactured and supplied only to the Railways for its own use”. The Court therefore concluded that the Ministry of Railways was the 'Government' as understood by Section 47 of the Act and that the infringing products in question were being manufactured on behalf of the Government and for the use of the Government itself. Going by this interpretation of the Delhi High Court one would have to conclude that the Government and its undertakings are completely exempt from infringement proceedings thereby implying that the Government and its agents are not required to pay a single penny in royalties to any patentee.

Clearly the above interpretation is a very suspicious, if not alarming interpretation, of the Patents Act. The Delhi High Court has basically given the Government and its undertakings a carte blanche to bust any patents that they so desire.

I'm still scratching my head trying to understand how and why, both, the Plaintiffs and the Delhi High Court failed to make the obvious distinction between Section 47 and Section 100 of the Patent Act. This distinction was made in an excellent order of the Bombay High Court in the case of *Garware Wall Ropes Ltd. v. A.I.Chopra*



सत्यमेव जयते

2009

(111) Bom LR 479.

Sai had covered this Order in an equally excellent post that can be accessed [here](#).

The Order itself can be accessed [here](#).

The most crucial distinction between Section 47 and Section 100 is that while Section 47 does not require the payment of any royalty, Section 100 requires the Government to pay a certain royalty for the use of a patent.

The Garware Decision: In its Order the Bombay High Court distinguished between these provisions on the grounds that while Section 47 allowed the Government to use a patent 'merely of its own use', Section 100 of the Act uses the term 'for the purposes of Government'. As per the Bombay High Court the former implies the use of the invention directly by the Government or its Departments in performance of the duties assigned to

them. The Bombay High Court reasoned that Section 47, was limited to sovereign functions and would not cover the Railways or its contractors. Although the Judge does not clearly support this aspect of its Order with enough reasoning I think he was trying to imply that the Railways was not part of the Government but was instead a Government undertaking which was carrying out a non-sovereign function. Moreover it is also important to note that while Section 99 extends the 'Government use' to even Government Undertakings, Section 47 uses only the word 'Government'. As per this interpretation of the Bombay High Court, Section 100 ensured that the Railways had to pay a royalty for exploiting a patent.

If this aspect of the Order is not overturned the Indian Railways is free to bust as many patents as it wants and the same will be highly detrimental to investment in innovation in the railway sector in the country.

Posted By Prashant Reddy to [SPICY IP](#) at 11/20/2009 12:10:00 AM