

Availability of the Interim Injunction for Non-working Patents

Shriya Ghoshal^{1,*}

Abstract

Intellectual property rights (IPR) include patent rights, which protect new and exceptional inventions by entrepreneurs. Unfortunately, IPR is still not widely understood, and only a few entrepreneurs are aware of its importance. Nevertheless, laws have been introduced to safeguard the interests of inventors and provide a commercial space for their inventions. Patents are generally classified into working and non-working patents. It is always a matter of confusion whether the rights available to the patentee are the same in both working and non-working patents. Therefore, this article aims to clarify the availability of rights for different types of patents, explain Form 27 of the Patent Act, 1970, discuss compulsory licensing, provide information about remedies available in cases of patent infringement, and examine case laws for the same.

Keywords: Compulsory license, interim injunction, infringement, non-working patent, patent

INTRODUCTION

Pursuant to the Indian Patent Act, 1970, patents are granted to inventions that are innovative, unique, and unobvious and are in accordance with Section 3 of Chapter II of the Act. These are granted not to let the patentee enjoy the monopoly of the patent but to ensure that the patent is commercially involved in the Indian Market and has enhanced the growth and development of the Indian Economy.

The patents are characterized into two parts: the working and the non-working patents. Working patented inventions refer to those that have been successfully worked in India commercially and as fully as is reasonably practical without undue delay in India. Therefore, in accordance with this Act, the declaration of commercial working of a patent on Form 27 of the Patent Act 1970 must be submitted to the Controller of India [1].

Moreover, the two most important requirements that every patentee has to fulfill are:

- To submit renewal fees after being granted a patent to keep the patent alive
- Provide proof of having worked on the patent in the jurisdiction (in India)

*Author for Correspondence

Shriya Ghoshal
E-mail: ghoshalshriya2@gmail.com

¹Intern, Gnanlex Associates, Kandivali East, Mumbai, Maharashtra, India

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If such information is not provided, then the non-working of the patent will be presumed, and the process of granting a compulsory license (CL) may be initiated if there is a demand and a need in the marketplace. Importation to India is also considered working as per the Act [2].

If the patent has not worked in India even after 3 years of its grant, then any person may ask for a compulsory license on the patent according to Section 84 of the Act. The non-working of a patent may be due to three reasons:

- a. If a patented product is not yet fully prepared to be a marketable product, or
- b. If the market has not yet matured for the patented invention,
- c. If the patentee is on the lookout for the right partner or licensee [3]

The patentee should license his patents to any interested person voluntarily. If the patentee does not grant a voluntary license, then the government could grant a compulsory license.

CONCEPT OF INTERIM INJUNCTION IN THE IP ACT

To understand the concept of an interim injunction, it is very important first to understand the meaning of patent infringement. It can be defined as ‘commission of a prohibited act concerning a patented invention without permission from the patent holder, known as patent infringement’. In simpler words, when someone produces someone else’s patented invention without permission, the same results in infringement [4].

Generally, two kinds of legal remedies are available for patent infringement suit:

- a. Grant of an injunction against a patent infringer
- b. Claim for appropriate damages that the patentee has suffered due to infringement of his patent

However, the widely pleaded remedy before the courts is an interim injunction because it is more practical and easier in comparison to claiming damages. An interim injunction means a temporary prohibition or disbarment of a party from continuing the act in dispute. Before granting an interim injunction, the court has to check whether the case satisfies the essentials of an interim injunction.

The three essentials are as follows:

Prima Facie Case

Prima facie means at ‘first sight’. A prima facie case means that right from the first appearance of the case, it can be judged that it is in favour of the plaintiff. It means the evidence brought on record will reasonably support what the plaintiff seeks at the end. For instance, if the defendant presents an inherently defective argument or is not able to give a satisfactory reason for the non-infringement, then the court will hold the case in favour of the plaintiff, establishing a “prima facie case”. But just being a prima facie case is not enough to grant an injunction [5].

Balance of Convenience

It means when both sides of the parties are compared to find which side faces more hardship or inconvenience with the granting or non-granting of an injunction. It does not suggest that the scales would tip in favor of one side over the other. The Court will evaluate whether denying the injunction will result in significant harm or whether it is likely to happen as a result of granting it. The applicant must prove that the balance of convenience is in his favor, i.e., that if the injunction is denied, he will likely suffer comparable damage, hardship, or annoyance [6].

Irreparable Injury

It describes a specific kind of injury experienced by the applicant that cannot be resolved through monetary compensation. The applicant is only eligible for an injunction as remedy. This injury is severe and cannot possibly be rectified; it could never be satisfactorily corrected or atoned for by damages. It only suggests that the injury cannot be remedied by the payment of damages, not that there is no physical possibility of repairing it. The petitioner must establish in court that he is seeking protection from anticipated harm that would result in irreparable loss if the court does not grant an injunction. Therefore, the Court should use sound judicial discretion when granting or rejecting an injunction to determine the amount of substantial mischief or injury that would likely be caused to the parties if the injunction were denied and compare it to the harm or damage that would likely be caused to the other side if the injunction were granted. On fulfilling the above-mentioned essentials, the case will qualify to be granted an interim injunction.

AVAILABILITY OF INTERIM INJUNCTIONS IN THE CASES OF NON-WORKING PATENTS

A major factor in deciding whether an interim injunction will be granted to non-working patents is the impact of such patents on the public interest. If the inventor cannot make use of the patent, it should be allowed to be used by another party who can make the patent work. Therefore, compulsory license should be granted by the government so that a third party could be allowed to produce the patented product and make the patent work [7].

For instance, in the case of *Enconcore N.V v. Anjani Technoplast* (2023 SCC Online Del 4776), the court rejected the application of injunction on the invention “Folded Honeycomb and process for producing the same” because the court wanted to give another opportunity for the patent to be successfully commercialized or licensed in India. Enconcore’s invention had not worked in India, as there was no manufacturing unit of invention in India, and its sales were also miniscule. On the other hand, Anjani’s invention was similar to Enconcore’s but the difference was that it had the Ministry of Defence as one of its clients and had the intention to supply its honeycomb panels only to the government. Therefore, Anjani Technoplast got permission from the court to continue its manufacture and supply of honeycomb panels to any governmental body. However, as directed by the court, Anjani had to deposit INR 25 lakh as security to balance the interests of both parties [8].

Another case where the court applied the essentials of an interim injunction to reject the interim relief is *FMC v. GSP Crop Science* (2021 SCC OnLine Del 3647). In this case, the court has prima facie decided FMC to be guilty of misleading the court. Then the court also held that the balance of convenience is in favour of GSP Crop Science because it has obtained approvals from relevant authorities to manufacture for the commercial launch of the invention. Irreparable injury will be caused if GSP Crop Science is not permitted to launch the manufacture and sale of the invention. Therefore, FMC was denied an interim injunction, and GSP Crop Science was allowed to manufacture and maintain an account of sales and produce the same on a half-yearly basis during the pendency of the present suit [9].

The interim injunction will not always be rejected by the court of law. It is granted provided that the defendant is unable to satisfy the court with its arguments on why he infringed the patent rights. In simpler terms, if the essentials of the interim injunction are not fulfilled, then temporary relief can be granted.

In the case of *MSN Laboratories Pvt. Ltd v. Novartis Ag* (COMCA No. 21 OF 2021), the HC granted Novartis Ag an interim injunction on its patented invention. Novartis Ag was granted a patent in 2009 for manufacturing a particular drug by combining two salts (Sacubitril and Valsartan). On the other hand, in 2020, MSN Laboratories obtained approval for the manufacturing formulation of sacubitril and valsartan, the same as that of the Novartis Ag patent, therefore infringing their patent. This case prima facie infringes the rights of a patent and is judged based on the balance of convenience and irreparable damage [10].

CONCLUSION

After thorough consideration of the here-mentioned cases, the court cannot arbitrarily deny an interim, nor can the aggrieved party ask for it as a matter of right. The decision to issue or reject an injunction is entirely within the court’s discretion because there is a need to create a balance between the interests of both parties and also determine the importance of the impact of the product in the market for the people and society at large. The principles described here demonstrate the court’s discretion, which varies according to the facts and circumstances of each case.

An injunction can be an immediate and most effective relief granted to the aggrieved party in case of infringement of patent rights. Therefore, the ability to issue an injunction must be used with the

utmost caution, attention, and care. A grant of an injunction does not depend on whether a patent has worked or not. It depends on the intention and explanation of the defendant regarding why he has infringed on the rights of the patentee. If the defendant is unable to satisfy the court with its explanation, then it is understood by the court that such infringement was done with malafide interest to make the plaintiff suffer, and the interim injunction will be granted. Therefore, the grant of an interim injunction is independent of the nature of the patent but dependent on the background and circumstances of each case for a good cause.

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