



LL.B. V Term

LB- 5037 – Intellectual Property Rights Law- II

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UNIVERSITY OF DELHI, DELHI- 110007
July, 2020**

Exclusively for Private Circulation

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Paper – LB – 5037 - Intellectual Property Rights Law –II

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Recommended Books:

Gillian Davies, Kevin Garnett, and Gwilym Harbottle, **Copinger and Skone James on Copyright** (17th ed. 2019).

W.R. Cornish, David Llewelyn and Tanya Aplin, **Intellectual property: Patents, Copyright, Trademarks and Allied Rights** (2013).

V.K. Ahuja, **Law Relating to Intellectual Property Rights** (2017).

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P. Narayanan, **Copyright and Industrial Designs** (2017) .

Alka Chawla, **Law of Copyright: Comparative Perspectives** (2013).

Firoz Ali Khader, **The Law of Patents – With a Special Focus on Pharmaceuticals in India** (2011).

K C Kankanala, A. K. Narasani, and V. Radhakrishnan, **Indian Patent Law and Practice**, Oxford University Press (2012).

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Donoghue v. Allied Newspapers, Ltd.

(1937) 3 Ch. D. 503

FARWELL, J. - The plaintiff, Mr. Stephen Donoghue, is a very well-known jockey, whose name, I think one may say, is of value in the newspaper world, and whose reminiscences or adventures may be of value, apart from any literary merit, or anything of that kind, owing to the fact that they are the adventures of a person well known to the public. The plaintiff claims an injunction to restrain the defendant company from printing, publishing, selling, or otherwise circulating certain articles, and for damages for infringement of copyright. The defendant company seeks to resist that claim upon three grounds: (i) that Mr. Donoghue was not and is not either the sole or the joint owner of the copyright in the articles in question; (ii) that, under and by virtue of an agreement, the copyright, if it was in Mr. Donoghue at all, was assigned by an equitable assignment to the proprietors of the *News of the World*, and therefore is no longer in Mr. Donoghue; and (iii) that, if there was any copyright in Mr. Donoghue, in fact he consented to the publication, although he sought afterwards to recede from that position.

In 1931, the persons responsible for the Sunday paper, the *News of the World*, were minded to publish in their paper a series of articles entitled "Steve Donoghue's Racing Secrets", and for that purpose they employed a Mr. Felstead to act on their behalf. Mr. Felstead was described in the witness-box as a free-lance journalist, and he is a person who has considerable experience and knowledge of racing matters. He apparently knew Mr. Donoghue, and he got into touch with him, and the result of it was that, on Apr. 4, 1931, the plaintiff entered into a contract with the *News of the World*, in these terms:

I agree to supply the proprietors of the *News of the World* material for approximately 50,000 words relating to my experiences on the turf and other matters within my knowledge, for the sum of £ 2,000, payment to be made as follows: £ 500 on the signing of this contract (receipt of which I hereby acknowledge) and the remaining £ 1,500 when Mr. S.T. Felstead, acting on behalf of the *News of the World*, has written up the material for publication and has it approved by me for use and delivered the copy to you. In consideration of the above-mentioned remuneration, I undertake that I will not in the course of completing this contract supply any material for publication to any other newspaper firm whatsoever.

The contract is signed by the plaintiff over a 6d. stamp. The plaintiff and Mr. Felstead then proceeded to carry out the work necessary to comply with the contract. Mr. Donoghue is the author of a book published some years ago, but, notwithstanding that fact, I have formed the conclusion – and I hope I am not doing him any injustice in saying this – that he is probably very much more familiar with a race-horse than he is with a pen, and I doubt very much whether he would, unaided, find it easy to write a series of articles for any newspaper at all. There is no doubt that Mr. Donoghue himself did none of the actual writing of any of the articles which were published. The course which was adopted was this: Mr. Felstead got into communication with the plaintiff on a number of occasions, and the plaintiff on those occasions related to Mr. Felstead the various adventures which he thought might be supplied to the *News of the World*. Mr. Felstead himself does not write shorthand, and there is no evidence whatever that any of the information given by Mr. Donoghue to Mr. Felstead was taken down in shorthand, or verbatim, or anything of that kind at all. Mr. Felstead made notes as the conversations went on, and he then proceeded to write up the articles required. When the article was in type, or in manuscript form, Mr. Felstead took it to the plaintiff, and he read it over to him, and, from time to time, in going through the article, the plaintiff thought that alterations were necessary or desirable, and such alterations were written in by Mr. Felstead himself in the margin, but, as it appears, they were not always adopted in the ultimate form, Mr. Felstead apparently, in some cases at any rate, preferring the original language to the alterations which Mr. Donoghue suggested. However that may be, Mr. Donoghue undoubtedly

read, or had read over to him, these articles from time to time, as and when they were prepared by Mr. Felstead, and they may have been slightly altered as the result of suggestions made by him when reading over, and they were then sent to the newspaper, and duly appeared.

There were several articles, and they appeared Sunday after Sunday in the *News of the World*. They were entitled "Steve Donoghue's Racing Secrets. Enthralling Stories of the Sport of Kings." The first one, which appeared on May 17, 1931, is entitled "My Greatest Derby. By Steve Donoghue." There follows an article which I hesitate to describe as literary, but at any rate it is an article which is written in the modern language that one expects to find in papers of that kind. Included in the article, there are the various stories and adventures which the plaintiff had told to Mr. Felstead, given in many cases in the form of dialogues, and apparently they would seem, on the face of them, to be more or less the dialogue, or intended to seem to be the dialogue, or the actual conversations, which had taken place on these various occasions. The plaintiff was, of course, duly paid the £ 2,000 which the *News of the World* contracted to pay him.

In 1936, Mr. Felstead was anxious to make some use of the articles which he had, with the assistance of the plaintiff, supplied to the *News of the World*. Mr. William Lees was at that time concerned in the publication of a paper known as *Guides and Ideas*, and Mr. Felstead suggested to Mr. Lees that an article called "My Racing Secrets. By Steve Donoghue" would be suitable material for that paper, the whole idea being that the original articles which had been supplied to the *News of the World* should be used, but that they should be reduced in length, and that a certain amount of new material should be inserted in them, so that the public might be induced to think that they were something new. It was suggested to Mr. Lees that he should pay £ 150 for such an article. The idea was not wholly unacceptable to Mr. Lees, and there was undoubtedly communication between Mr. Felstead and the plaintiff as to the publication of such articles. There is a very acute difference between the account given by Mr. Felstead and those given by the plaintiff and other witnesses on his behalf, and I think it is right to say at once that I accept the evidence of Mr. Donoghue, and that of the lady who was his secretary, in preference to that of Mr. Felstead, where their evidence does not tally. I have no doubt whatever that the plaintiff was speaking the truth to the best of his recollection in the witness-box, as was the secretary, and I do not accept the view that he, Mr. Donoghue, ever agreed to accept £ 150, or £ 200, or any other sum, for the publication, or the re-publication, of these articles in this particular paper. In fact he, Mr. Donoghue, at that time had some mind to publish his own reminiscences, and there were some negotiations going on with another paper with a view to those reminiscences being published, and he told me in the witness-box, and I accept it, that he was not prepared to entertain the proposal of Mr. Felstead. Apparently, Mr. Felstead either did not trouble his head very much about Mr. Donoghue's consent, or he thought that he could persuade him to give his consent, because he told Mr. Lees that he had got Mr. Donoghue's consent, and, so far as Mr. Lees was concerned, he accepted Mr. Felstead's word for it. He made no inquiry of Mr. Donoghue, and I do not doubt that he thought he could safely accept Mr. Felstead's word in the matter. Mr. Felstead was paid £ 300 by Mr. Lees, and he endeavoured to persuade Mr. Donoghue to accept part of that cheque in payment for any rights that Mr. Donoghue had in regard to these articles, but that Mr. Donoghue refused to accept. He was not prepared to take anything at all, or to have anything whatever to do with the matter, and, when these articles duly appeared in the paper, he, through his solicitors, immediately complained. In fact, when he complained, the further publication of the articles was stopped, and this action was then commenced.

The first question that I have to determine is whether the plaintiff is or is not either the sole or the joint owner of the copyright in these articles, that is to say, in the original articles which appeared in the *News of the World*. If Mr. Donoghue has no copyright, either as sole owner or as joint owner, in these articles, then of course this action necessarily fails, and it is unnecessary then for me to consider the further question which I shall have to consider if that is not the position, namely, as to the effect of the agreement of Apr. 4, 1931, and whether that agreement amounts to an equitable assignment of Mr. Donoghue's copyright to the *News of the World*. It is necessary, in considering whether Mr. Donoghue is the owner or part owner of the copyright in this book, to see

what it is in which a copyright exists under the Copyright Act, 1911. This, at any rate, is clear, and one can start with this beyond all question, that there is no copyright in an idea, or in ideas. A person may have a brilliant idea for a story, or for a picture, or for a play, and one which, so far as he is concerned, appears to be original, but, if he communicates that idea to an author or a playwright or an artist, the production which is the result of the communication of the idea to the author or the artist or the playwright is the copyright of the person who has clothed the idea in a form, whether by means of a picture, a play, or a book, and the owner of the idea has no rights in that product. On the other hand, this, I think, is equally plain, that, if an author employs a shorthand writer to take down a story which the author is composing, word for word, in shorthand, and the shorthand writer then transcribes it, and the author then has it published, the author and not the shorthand writer is the owner of the copyright. A mere amanuensis does not, by taking down word for word the language of the author, become in any sense the owner of the copyright. That is the property of the author. I think the explanation of that is this, that in which the copyright exists is the particular form of language by which is conveyed the information which is to be conveyed. If the idea, however brilliant and however clever it may be, is nothing more than an idea, and is not put into any form of words, or any form of expression such as a picture or a play, then there is no such thing as copyright at all. It is not until it is (if I may put it in that way) reduced into writing, or into some tangible form, that you get any right to copyright at all, and the copyright exists in the particular form of language in which, or, in the case of a picture, in the particular form of the picture by which, the information or the idea is conveyed to those who are intended to read it or to look at it.

In the present case, apart altogether from what one may call merely the embellishments, which were undoubtedly supplied wholly by Mr. Felstead, the ideas of all these stories, and, in fact, the stories themselves, were supplied by the plaintiff; but, in my judgment, upon the evidence, it is plain that the particular form of language by which those stories were conveyed was the language of Mr. Felstead and not that of the plaintiff. Although many of the stories were told in the form of dialogue, and to some extent Mr. Felstead no doubt tried to reproduce the story as it was told to him by the plaintiff, nevertheless the particular form of language in which those adventures or stories were conveyed to the public was the language of Mr. Felstead, and not the language of Mr. Donoghue. *Evans v. Hulston (E.) & Co., Ltd. (1)*, is, I think, very near to the present case, and I feel that, if I were to decide in favour of the plaintiff on this first point, I really should be disregarding the decision of Tomlin, J., in that case. No doubt it is quite true, as Mr. Clark very ably pointed out, that the facts are not on all fours, but, if one looks closely into the circumstances of the case before Tomlin, J., I think one is driven to the conclusion that the principles upon which that judgment turns are really the principles which I have to apply in this case. No doubt in that case the person who supplied the information was a foreigner, and no doubt he did not convey the information in a form which would have been at all adaptable to an article in a newspaper, and to that extent it may be that the person who wrote it down and supplied the article had more to do, possibly, than in this present case. But, as it seems to me, the principle upon which Tomlin, J., proceeded in that case is the one which I am bound to apply here. What Tomlin, J., said at p. 56 was this:

One thing is reasonably plain, I think, that probably Mr. Zeitun would not himself claim that he was capable of producing in the English tongue a literary work which would find a market. He certainly agrees that he has never attempted to do so, and I should doubt his capacity to do so. The fact that he is the subject-matter of the product in the sense that it is an incident from his life, for which he provided the material, does not seem to me to make him in any sense the joint author with Mr. Evans of the manuscript which was in fact written, and, upon the facts which I have stated, I find that he did not take any part in producing the express matter which is the original literary work, the subject-matter of copyright.

What I understand the judge to mean by "the express matter" is that which I have endeavoured to define as the particular form of language in which the information is conveyed, and, although it may be that, in the present case, the plaintiff could give more help to Mr. Felstead than Mr. Zeitun could give, in *Evans v. Hulston (E.) & Co., Ltd. (1)*, to the author of the manuscript, nevertheless,

although Mr. Donoghue supplied all the substance of the articles, the articles themselves, and the information which was in them, were conveyed in language which was the language of Mr. Felstead, and for which Mr. Donoghue himself was not responsible.

I come to the conclusion, with some regret, that the plaintiff has failed to show that he is the owner or part owner of the copyright in these articles. The articles in this paper *Guide* and *Ideas* were published as being the adventures of Steve Donoghue, entitled “My Racing Secrets. By Steve Donoghue”, and no doubt that was because, both in that case and in the earlier case, the persons who are responsible for the papers desired to lead the public to believe that what they were reading was something of which Steve Donoghue himself was the author, and I think it is probable that so describing the articles does have the effect, under the Copyright Act, 1911, s. 6, of throwing the onus, in a case of this kind, on the defendant company. But, notwithstanding that, it appears to me that I am forced to come to the conclusion – although, as I say, rather unwillingly – that Mr. Donoghue was not the author, or even the joint author, of the articles in the *News of the World*. It must necessarily follow that he cannot sustain this action, and that the action fails, accordingly, and must be dismissed with costs.

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University of London Press, Limited v. University Tutorial Press, Limited
(1916) 2 Ch. D. 601

The judgment is provided to understand the meaning of ‘original literary work’ as enunciated by House of Lords in 1916, which meaning holds good even now. Students are advised that there is no necessity to know the then provisions of UK Law, instead we should see the provisions of Ss. 13 and 17 and provisos thereto, as also S. 52 of the Copyright Act, 1957 (as amended till date). Vesting of copyright is concerned with labour, skill and effort put in by the person creating the work based on doctrine of sweat of the brow and not on novelty of ideas. The copyright subsists only in expression.

PETERSON. I. – Examiners were appointed by London University for the matriculation examinations to be held in September, 1915, and January and June, 1916. Prof. Lodge and Mr. Jackson were appointed examiners for setting the examination papers in mathematics.

Earlier in Feb 1915, the Senate of the University of London passed a resolution that “it be made a condition of the appointment of every examiner that any copyright possessed by him in examination papers prepared by him for the University shall be vested in the University, “ Enclosed was a copy of the resolution as to copy-right. The duties and salaries of the examiners were fixed. The examiners were not on the staff of the University. They were employed, for the particular examinations for which they were appointed, to prepare the examination papers on the subjects in respect of which they were respectively appointed. The papers were prepared in the examiners’ own time. They were free, subject to a syllabus and having regard to the knowledge required from students, to choose their own questions. They were paid a lump sum as salary. They were not bound to give their services exclusively to the London University.

On July 26, 1915, the University entered into an agreement with the University of London Press, Limited, the plaintiff company, by which it was agreed to assign and make over to the Press Company all such copyright and rights of publication (if any) as the University might have in such respective papers. The University of London Press, Limited, proceeded in January to publish the examination papers for the examination of January, 1916.

The defendant company, the University Tutorial Press, Limited, issued a publication in which were included sixteen out of forty-two matriculation papers of January, 1916. The papers were not copied from the publication of the University of London Press, Limited, but were taken from copies of the examination papers supplied by students. In addition to the papers so published the University Tutorial Press, Limited, published in the same book the answers to the questions in some of the papers, and, further, made some criticisms on the way in which the papers had been set. On February 24, 1916, the University of London Press, Limited, commenced this action against the Tutorial Press, Limited, for infringement of copyright, and, on objection being taken that the plaintiff company was not entitled to sue, Professor Lodge and Mr. Jackson were, joined as co-plaintiffs.

Clayton, K.C., and *MacSwinney*, for the plaintiffs. The title of the plaintiff company depends on the agreement and the assignment. The agreement alone amounts to a good

equitable assignment – *Ward, Lock & Co. v. Long* [(1906) 2 Ch. 550] satisfying s. 5, sub-s. 2, of the Copyright Act, 1911. The University had a good title to the copyright because the examiners were in the employment of the University under a “contract of service” and the papers were composed or compiled in the course of their employment, within s. 5, sub-s. 1(b): *Byrne v. Statist Co.* [(1914) 1 K.B. 622, 627]: They took up their work, with notice of the condition that the copyright was to belong to the University, without dissent. In any case, Professor Lodge and Mr. Jackson are co-plaintiffs and the action can be maintained in respect of their examination papers. The examination papers are subject-matter of copyright, as “original literary work”, within s. 1, sub-s. 1. “Literary work” includes “compilations”: s. 35, sub-s. 1. The setting of the papers entailed the exercise of brainwork, memory, and trained judgment, and even the selection of passage from other authors’ works involved careful consideration, discretion, and choice. They constituted original literary work:

The examiners were appointed with the condition that the copyright shall vest in the University, but the examiners had not signed or made an assignment in favour of University.

Maugham, K.C., and *Macgillivray*, for the defendants argue the plaintiff company has no copyright. To maintain the action the plaintiff company must be either the author, the owner under s. 5, sub-s. 1(b), or the assignee under s. 5, sub-s. 2.

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PETERSON J. after stating the facts. The first question that is raised is, Are these examination papers subject of copyright? Sect. 1, sub-s. 1, of the Copyright Act of 1911 (British) provides for copyright in “every original literary dramatic musical and artistic work”, subject to certain conditions which for this purpose are immaterial, and the question is, therefore, whether these examination papers are, within the meaning of this Act, original literary works. Although a literary work is not defined in the Act, s. 35 states what the phrase includes; the definition is not a completely comprehensive one, but the section is intended to show what, amongst other things, is included in the description “literary work” and the words are ‘Literary work’ includes maps, charts, plans, tables, and compilations.” [see inclusive definition of literary work in s 2(o) of the Copyright Act,1957]

It may be difficult to define “literary work” in the sense in which that phrase is applied, for instance, to Meredith’s novels and the writings of Robert Louis Stevenson. In speaking of such writings as literary works, one thinks of the quality, the style, and the literary finish which they exhibit. Under the Act of 1842, which protected “books”, many things which had no pretensions to literary style acquired copyright; for example, a list of registered bills of sale, a list of foxhounds and hunting days, and trade catalogues; and I see no ground for coming to the conclusion that the present Act was intended to curtail the rights of authors.

In my view the words “literary work” cover work which is expressed in print or writing, irrespective of the question whether the quality or style is high. The word “literary” seems to be used in a sense somewhat similar to the use of the word “literature” in political or electioneering literature and refers to written or printed matter. Papers set by examiners are, in my opinion, “literary work” within the meaning of the present Act.

Assuming that they are “literary work”, the question then is whether they are original. The word “original” does not in this connection mean that the work must be the expression of

original or inventive thought. Copyright Acts are not concerned with the originality of ideas, but with the expression of thought, and, in the case of "literary work", with the expression of thought in print or writing. The originality which is required relates to the expression of the thought. But the Act does not require that the expression must be in an original or novel form, but that the work must not be copied from another work – that it should originate from the author. In the present case it was not suggested that any of the papers were copied.

Professor Lodge and Mr. Jackson proved that they had thought out the questions which they set, and that they made notes or memoranda for future questions and drew on those notes for the purposes of the questions which they set. The papers which they prepared originated from themselves, and were, within the meaning of the Act, original. It was said, however, that they drew upon the stock of knowledge common to mathematicians, and that the time spent in producing the questions was small. These cannot be tests for determining whether copyright exists. If an author, for purposes of copyright, must not draw on the stock of knowledge which is common to himself and others who are students of the same branch of learning, only those historians who discovered fresh historical facts could acquire copyright for their works. If time expended is to be the test, the rapidity of an author like Lord Byron in producing a short poem might be an impediment in the way of acquiring copyright, and, the completer his mastery of his subject, the smaller would be the prospect of the author's success in maintaining his claim to copyright. Some of the questions, it was urged, are questions in book work, that is to say, questions set for the purpose of seeing whether the student has read and understood the books prescribed by the syllabus.

But the questions set are not copied from the book; they are questions prepared by the examiner for the purpose of testing the student's acquaintance with the book, and in any case, it was admitted that the papers involved selection, judgment, and experience. This objection has not, in my opinion, any substance; if it had, it would only apply to some of the questions in the elementary papers, and would have little, if any, bearing on the paper on advanced mathematics. Then it was said that the questions in the elementary papers were of common type; but this only means that somewhat similar questions have been asked by other examiners. I suppose that most elementary books on mathematics may be said to be of a common type, but that fact would not give impunity to a predatory infringer.

The book and the papers alike originate from the author and are not copied by him from another book or other papers. The objections with which I have dealt do not appear to me to have any substance, and, after all, *there remains the rough practical test that what is worth copying is prima facie worth protecting*. In my judgment, then, the papers set by Professor Lodge and Mr. Jackson are "*original literary work*" and proper subject for copyright under the Act of 1911.

Ownership of Copyright

In the case the Lordships proceeded to discuss the next question is, in whom did the copyright in the examination papers vest when they had been prepared? This problem must be solved by the determination of the effect of s. 5 of the Act of 1911. The author, by that

section, is the first owner of the copyright, subject only to the exception contained in the Act. edited

[See s 17 and read it with 2(d) of the Indian Copyright Act, 1957. Apply various provisos

The proviso in s.17 clause (c) is most important. Clause (dd) about the work first published under the direction and control of public undertakings which include Universities needs to be seen.]

Result

The Question Papers were held to have copyright which vested in Professors as they were not in contract of service. There was no effective assignment as stipulation of condition in the contract cannot be said to be assignment. See s 18-19 of Indian Act. London University had a right to obtain assignment from holders of copyright. The court issued injunction in respect of those Question Papers whose copyright owners had joined as plaintiffs in prosecuting Tutorial Press.

* * * * *

Eastern Book Company v. D.B. Modak

2008 (36) PTC SC

P.P. NAOLEKAR, J. - 1. These appeals by special leave have been preferred against the common judgment of a Division Bench of the High Court of Delhi involving the analogous question and are, therefore, decided together by this judgment.

2. Appellant No. 1 Eastern Book Company is a registered partnership firm carrying on the business of publishing law books. Appellant No. 2 EBC Publishing Pvt. Ltd. is a company incorporated and existing under the Companies Act, 1956. The said appellants are involved in the printing and publishing of various books relating to the field of law. One of the well-known publications of appellant No. 1 Eastern Book Company is the law report 'Supreme Court Cases' (hereinafter called 'SCC'). The appellant publishes all reportable judgments along with non-reportable judgments of the Supreme Court of India. Yet another category included in SCC is short judgments, orders, practice directions and record of proceedings. The law report SCC was commenced in the year 1969 and has been in continuous publication ever since. The name 'Supreme Court Cases' has been coined by the appellants and they have been using the same continuously, exclusively and extensively in relation to the law reports published by them. For the purpose of publishing the judgments, orders and proceedings of the Supreme Court, the copies of judgments, orders and proceedings are procured from the office of the Registrar of the Supreme Court of India. After the initial procurement of the judgments, orders and proceedings for publication, the appellants make copy-editing wherein the judgments, orders and record of proceedings procured, which is the raw source, are copy-edited by a team of assistant staff and various inputs are put in the judgments and orders to make them user friendly by making an addition of cross-references, standardization or formatting of the text, paragraph numbering, verification and by putting other inputs. The appellants also prepare the headnotes comprising of two portions, the short note consisting of catch/lead words written in bold; and the long note, which is comprised of a brief discussion of the facts and the relevant extracts from the judgments and orders of the Court. Headnotes are prepared by appellant No. 3-Surendra Malik. As per the said appellant (plaintiff No. 3 in the suits filed in the Delhi High Court), the preparation of the headnotes and putting the various inputs in the raw text of the judgments and orders received from the Supreme Court Registry require considerable amount of skill, labour and expertise and for the said work a substantial amount of capital expenditure on the infrastructure, such as office, equipment, computers and for maintaining extensive library, besides recurring expenditure on both the management of human resources and infrastructural maintenance, is made by the plaintiff-appellants. As per the appellants, SCC is a law report which carries case reports comprising of the appellants' version or presentation of those judgments and orders of the Supreme Court after putting various inputs in the raw text and it constitutes an 'original literary work' of the appellants in which copyright subsists under Section 13 of the Copyright Act, 1957 (hereinafter referred to as 'the Act') and thus the appellants alone have the exclusive right to

make printed as well as electronic copies of the same under Section 14 of the Act. Any scanning or copying or reproduction done of or from the reports or pages or paragraphs or portions of any volume of SCC by any other person, is an infringement of the copyright in SCC within the meaning of Section 51 of the Act.

3. The defendant-respondent No. 2 Spectrum Business Support Ltd. (in Civil Appeal No. 6472/2004) has brought out a software called 'Grand Jurix' published on CD-ROMs and the defendant-respondent No. 2 Regent Data Tech Pvt. Ltd. (in Civil Appeal No. 6905/2004) has brought out software package called 'The Laws' published on CD-ROMs. As per the appellants, all the modules in the defendant-respondents' software packages have been lifted verbatim from the appellants' work; the respondents have copied the appellants' sequencing, selection and arrangement of the cases coupled with the entire text of copy-edited judgments as published in the plaintiff-appellants' law report SCC, along with and including the style and formatting, the copy-editing paragraph numbers, footnote numbers, cross-references, etc.; and such acts of the defendant-respondents constitute infringement of the plaintiff-appellants' exclusive right to the same.

4. The plaintiff-appellants herein moved the Court for temporary injunction by filing applications in Suit No.758/2000 against Spectrum Business Support Ltd. and in Suit No. 624/2000 against Regent Data Tech Pvt. Ltd. before a learned Single Judge of the High Court of Delhi. The interim orders of injunction were passed in the suits from time to time. However, the defendant-respondents filed application for vacation of the stay order. By a common judgment dated 17.1.2001, the Single Judge of the High Court dismissed the appellants' applications for interim injunction and allowed the respondents' application for vacation of stay. However, before the Single Judge, the respondents conceded that the appellants have copyright in the headnotes and as such they undertook not to copy these headnotes in their CD-ROMs.

5. Aggrieved by the said order dated 17.1.2001 refusing to grant interim injunction, the appellants preferred appeals before a Division Bench of the Delhi High Court and the applications praying for interim relief were also filed in both the appeals. The applications praying for the interim relief were disposed of by the Division Bench on 9.3.2001 directing that during the pendency of the appeals the respondents will be entitled to sell their CD-ROMs with the text of the judgment of the Supreme Court along with their own headnotes which should not in any way be a copy of the headnotes and the text of the plaintiff-appellants.

6. The Division Bench of the Delhi High Court heard the matters finally and has held that the appellants are not right in submitting that although the respondents have a right to publish the raw judgments they could do so only after obtaining the same from the original source, i.e. after obtaining certified copy of the judgment. The Division Bench did not agree with the submission of the appellants that by making certain corrections in the judgments or putting paragraph numbers or arranging the said judgments in a particular manner while printing, the appellants can claim that the copy-edited judgments become their 'original literary work'. If the right of a person like the appellants who are merely reporting the judgments of the courts is stretched to this

extent, then after a judgment is reported by a particular journal, others would be barred from doing the same and the very purpose of making these judgments in public domain, therefore, would be frustrated. The Court has further held that the appellants are not the author of the Supreme Court judgments and by merely making certain corrections therein or giving paragraph numbers, the character of a judgment does not change and it does not become materially different from the original judgment. Once a person has a right to obtain certified copy of the judgment from the Registry of the Court and to publish it, it cannot be said that he has no right to take text of the judgment from the journal where it is already reported. The act of reproduction of any judgment or order of the Court, Tribunal or any other judicial authority under Section 52(1)(q) of the Act, is not an infringement of the copyright. Any person can, therefore, publish judgments of the Courts. The appellants may have happened to have first published the judgments, but the same will not mean that they can have a copyright therein. It is the considered opinion of the Division Bench that no person can claim copyright in the text of the judgment by merely putting certain inputs to make it user friendly. The appellants cannot claim copyright in the judgment of the Court. But it has been held by the Court that reading the judgment and searching the important portions thereof and collecting sentences from various places for the purposes of making headnotes would involve labour and skill; and that there is originality and creativity in preparation of the headnotes, but not when they are verbatim extracts from the judgment and, therefore, there would be copyright in the headnotes to the judgments prepared by the appellants. So far as footnotes and editorial notes are concerned, it cannot be denied that these are the publisher's own creations and based on publisher's own research and thus will have a copyright of the appellants. The Division Bench modified the judgment of the Single Judge by directing the respondents that they shall be entitled to sell their CD-ROMs with the text of the judgments of the Supreme Court along with their own headnotes, editorial notes, if any, which should not in any way be copy of the headnotes of the appellants. The respondents shall also not copy the footnotes and editorial notes appearing in the journal of the appellants. Thus, the Court has not accepted the case of the appellants that they have a copyright in the copy-edited judgments of the Supreme Court. Aggrieved by the decision of the Division Bench of Delhi High Court, the appellants have filed these appeals by special leave.

7. The appellants have claimed that the copyright subsists in SCC as a law report as a whole based cumulatively and compendiously on all the substantial contributions of skill, labour and capital in the creation of various parts of SCC, i.e., headnotes, editorial notes, footnotes, the version of the copy-edited text of judgments as published in the appellants' law report SCC, the selection of cases as published in SCC, the sequence and arrangement of cases as published in SCC and the index, table of cases, etc. which are published in each volume of SCC, that give it the SCC volumes and thereby complete SCC set, its character as a work as a whole. The appellants claim that the copyright subsists in the copy-edited version. The appellants do not claim copyright in the raw text of the judgments, certified copies of which are obtained from the Registry. The appellants do not claim a monopoly in publishing judgments of the Supreme Court as they are being published by other publishers also without copying from each other publication.

The appellants claim that their copyright is in the copy-edited version of the text of judgments as published in SCC which is a creation of the appellants' skill, labour and capital and there are contributions/inputs/ additions of the appellants in creating their version of the text of judgments as published in SCC. The appellants placed before us the following contributions, inputs and additions made by them to the text in the certified copies of the judgments received by them from the Registry. The appellants assert that originality inheres in the following aspects of its editorial process which are selected, coordinated and arranged in such a way that the resulting work as a whole constitutes an original work of the appellants.

MATTER ADDED PER SE TO THE RAW TEXT OF THE JUDGMENTS –

1. Cross-citations are added to the citations(s) already given in the original text. Examples deleted

2. (a) Names of cases and cross-citations are added where only the citation of the case is given in the original text. Examples Deleted.

2(b). Citations and cross-citations are added where only name of the case is given in the original text. Examples Deleted.

2(c). Citation inserted in case-history where only the title and year of the impugned/earlier orders are given. Examples Deleted.

3. SCC style of presenting (repeatedly) cited cases

4. a) Precise references to quoted matter are provided.

b. The exact page and paragraph number as in the original treatises/reference material is inserted.

5. Margin headings are added to quoted extracts from statutes/rules etc. when missing.

6. Number of the section/rule/article/paragraph is added to the extract quoted in the original text

7. Phrases like 'concurring', 'partly concurring', 'partly dissenting', 'dissenting', 'supplementing', 'majority expressing no opinion' etc. are added to the original text.

8. Judges on whose behalf opinion given: Expression such as 'for himself and Pathak, C.J.', or 'Fazal Ali and Ranganath Mishra, JJ.' etc. are added to the original text.

9. Existing paragraphs in the original text are broken up and separate paragraph numbers are given.

MATTER ADDED UPON VERIFICATION

10. Internal referencing: Use of paragraph numbering for internal referencing within a judgment.

11. Verification of first word of quoted extract and emphasis supplied on verification.

12. Ellipsis "." is added to indicate breaks in quoted extract.

13. Matter inadvertently missed in quoted extracts is supplied.
14. Incomplete/incorrect case names or citations are completed/corrected.
15. Other corrections
16. Text has been changed as per corrigenda issued, which have been issued upon SCC Editor's request and suggestions.

OTHER ADDITIONS/INSERTIONS MADE TO THE RAW TEXT

17. Compressing/simplification of information relating to case history.
18. There are certain norms followed at SCC for giving case names.
19. Words like 'Section', 'Sec.', 'Rule' etc. are omitted, and only the number of the Section/Rule is given at the beginning of the quoted extract.
20. Margin heading and the first clause/sub-section or initial matter of section/rule etc. is made to 'run-on', instead of being let to start from a fresh line.
21. Compressing of unquoted referends and use of *** for such parts.
22. Series of dots in the raw texts (i.e., "...") are replaced with ellipsis (i.e.,).
23. Removal of abbreviations: sec., R. and cl. are substituted respectively with 'Section', 'Rule' or 'clause'.
24. Hyphenation has been added after the section/rule numbers, which have alphabets, suffixed to them.
25. Indentation
26. Removal of full stops or removal of word 'No.'
27. Giving full forms of abbreviations to enhance readability and clarity.

Note: Please see Original Text for examples of the above points 1-27. The examples have been deleted here.

8. The copyright protection finds its justification in fair play. When a person produces something with his skill and labour, it normally belongs to him and the other person would not be permitted to make a profit out of the skill and labour of the original author and it is for this reason the Copyright Act, 1957 gives to the authors certain exclusive rights in relation to the certain work referred in the Act. The object of the Act is to protect the author of the copyright work from an unlawful reproduction or exploitation of his work by others. Copyright is a right to stop others from exploiting the work without the consent or assent of the owner of the copyright. A copyright law presents a balance between the interests and rights of the author and that of the public in protecting the public domain, or to claim the copyright and protect it under the copyright statute. One of the key requirements is that of originality which contributes, and has a

direct nexus, in maintaining the interests of the author as well as that of public in protecting the matters in public domain. It is a well-accepted principle of copyright law that there is no copyright in the facts per se, as the facts are not created nor have, they originated with the author of any work which embodies these facts. The issue of copyright is closely connected to that of commercial viability, and commercial consequences and implications.

9. Deleted

10. In the present case, the **questions** which require determination by the Court are : (1) What shall be the standard of originality in the copy-edited judgments of the Supreme Court which is a derivative work and what would be required in a derivative work to treat it the original work of an author and thereby giving a protected right under the Copyright Act, 1957 to the author of the derivative work ? and (2) Whether the entire version of the copy-edited text of the judgments published in the appellants' law report SCC would be entitled for a copyright as an original literary work, the copy-edited judgments having been claimed as a result of inextricable and inseparable admixture of the copy-editing inputs and the raw text, taken together, as a result of insertion of all SCC copy-editing inputs into the raw text, or whether the appellants would be entitled to the copyright in some of the inputs which have been put in the raw text ?

11. Copyright is purely a creation of the statute under the 1957 Act. What rights the author has in his work by virtue of his creation, are defined in Sections 14 and 17 of the Act. These are exclusive rights, but subject to the other provisions of the Act. In the first place, the work should qualify under the provisions of Section 13, for the subsistence of copyright. Although the rights have been referred to as exclusive rights, there are various exceptions to them which are listed in Section 52.

12. We are mainly concerned for the purpose of these appeals with Sections 2 [clauses (k), (o), (y)], 13(1), 14(1)(a), 17, proviso (d) and 52(1)(q)(iv) of the Copyright Act, 1957. Deleted

13. Subject to the provisions of Section 13 and the other provisions of the Act, there shall be a copyright throughout India in original literary work, dramatic, musical and artistic works, cinematograph films and sound recording, subject to the exceptions provided in sub-sections (2) and (3) of Section 13. For copyright protection, all literary works have to be original as per Section 13 of the Act. Broadly speaking, there would be two classes of literary works : (a) primary or prior works: These are the literary works not based on existing subject-matter and, therefore, would be called primary or prior works; and (b) secondary or derivative works: These are literary works based on existing subject-matter. Since such works are based on existing subject-matter, they are called derivative work or secondary work. Work is defined in Section 2(y) which would be a literary, dramatic, musical or artistic work; a cinematograph film; and a sound recording. Under Section 2(o), literary work would include computer programmes, tables and compilations including computer databases. For the purposes of the Act, Section 14(1) enumerates what shall be a copyright which is an exclusive right, subject to the provisions of the Act, to do or authorize the doing of the acts provided in clauses (i) to (vii) in respect of a work or

any substantial part thereof in the case of a literary, dramatic or musical work, not being a computer programme. Section 2(k) defines the 'government work' which would be a work which is made or published by or under the direction or control of, amongst others, any Court, Tribunal or other judicial authority in India. By virtue of this definition, the judgments delivered by the Supreme Court would be a government work. Under Section 17(d), the Government shall, in the absence of any agreement to the contrary, be the first owner of the copyright in a government work. In the absence of any agreement to the contrary, the government shall be the first owner of the copyright in the judgments of the Supreme Court, the same being a government work under Section 2(k). Section 52(1) expressly provides that certain acts enumerated therein shall not constitute an infringement of copyright and sub-clause (iv) of clause (q) excludes the reproduction or publication of any judgment or order of a Court, Tribunal or other judicial authority, unless the reproduction or publication of such judgment or order is prohibited by the Court, the Tribunal or other judicial authority from copyright. The judicial pronouncements of the Apex Court would be in the public domain and its reproduction or publication would not infringe the copyright. The reproduction or publication of the judgments delivered by the Supreme Court by any number of persons would not be infringement of a copyright of the first owner thereof, namely, the Government, unless it is prohibited. The question, therefore, is whether by introducing certain inputs in a judgment delivered by a court it becomes 'original copy-edited judgment' and the person or authority or company who did so could claim to have embodied the originality in the said judgment and the judgment takes the colour of original judgment having a copyright therein of its publisher.

14. In many cases, a work is derived from an existing work. Whether in such a derivative work, a new copyright work is created, will depend on various factors, and would one of them be only skill, capital and labour expended upon it to qualify for copyright protection in a derivative literary work created from the pre-existing material in the public domain, and the required exercise of independent skill, labour and capital in its creation by the author would qualify him for the copyright protection in the derivative work. Or would it be the creativity in a derivative work in which the final position will depend upon the amount and value of the corrections and improvements, the independent skill & labour, and the creativity in the end-product is such as to create a new copyright work to make the creator of the derivative work the author of it; and if not, there will be no new copyright work and then the original author will remain the author of the original work and the creator of the derivative work will have been the author of the alterations or the inputs put therein, for their nature will not have been such as to attract the protection under the law of copyright.

15. It is submitted by Shri Raju Ramachandran, learned senior counsel for the appellants that Section 52(1)(q)(iv) of the Act does not bar the recognition of copyright in the copy-edited version of the text of judgments of the courts as published in law reports. The Government is the first owner of copyright in the judgments of the courts as per Section 2(k) read with Section 17 and Section 52(1)(q)(iv) of the Act provides that any person wanting to reproduce or publish

judgments would not infringe the copyright of the Government, but Section 52(1)(q)(iv) does not imply that in case a person has expended independent skill, labour and capital on the judgments of the courts to create and publish his version of the judgments, any other person is free to copy that person's version of the judgments, substantially or in its entirety. Copyright subsists in the copy-edited version of the text of judgments of the courts as published in law reports, which have been created by the application of skill, labour and capital which is not trivial or negligible. The inputs put in the copy-edited judgments in SCC, is a derivative literary work created from pre-existing material of the judgments of the court which is in public domain. The exercise of independent skill, labour and capital in its creation by the author of such work, and the derivative literary work created by the expenditure of the independent skill, labour and capital of the appellants gives them copyright in such creations. It is not necessary that work created should have a literary merit. The courts can only evaluate whether the skill, labour and capital actually employed, required in creating the work, is not trivial or negligible. It is further urged by the learned senior counsel that in deciding whether a derivative work qualifies for copyright protection, it must be considered as a whole, and it is not correct to dissect the work into fragments and consider the copyrightability of each such fragment piecemeal and individually apart from the whole. He submits that the respondents if wish to reproduce or publish a work already in public domain is obliged to go to the public domain/common source of such work rather than misappropriating the effort and investment of the appellants by copying the version of such work which was created by them by independent expenditure of skill, labour and capital. To buttress his submissions, the learned senior counsel placed reliance on various foreign judgments and judgments of the Indian High Courts which are considered hereinafter.

Sweat of the Brow

English Cases

16. *Ladbroke (Football) Ltd. v. William Hill (Football) Ltd.*, [1964] 1 WLR 273 (HL), is a case where the concept of originality was considered on the basis of skill, judgment and/or labour in the context of compilation. Since 1951 the respondents, who were well-known bookmakers, had sent their customers each week fixed odds football betting coupons arranged in a certain general form. In 1959 the appellants, who were also bookmakers, started sending out coupons closely resembling the respondents' coupons. A coupon was a sheet of paper on which were printed several lists of forthcoming matches. Beside each list were columns of squares on which the punter could indicate his forecast of the result of each match. Some of the lists included all the matches to be played; others included only a selection of them. The bets varied in character. A great variety of bets was offered and the odds offered differed widely from 5-2 to 20,000-1. The respondents' coupon contained 16 lists, each with an appropriate name. The appellants' coupon, which contained 15 lists, closely resembled the respondents. The lists offered by the appellants were almost identical with those offered by the respondents in their corresponding lists. The respondents brought action claiming copyright in the coupons. The House of Lords was called upon to determine whether or to what extent copyright attached to these coupons. The

respondents said that a coupon must be regarded as a single work and that as such it was protected by copyright. The appellants sought to dissect the coupon. It was contended by the respondents that there had been a breach of copyright by the appellants, since the respondents' compilation, which must be regarded as a single work, was original and protected by copyright and the part taken by the appellants from the respondents' work was substantial. It did not follow that because the fragments of the compilation, taken separately, would not be copyright, the whole could not be copyright. It was submitted by the appellants that the derivative work of the respondents not being original, no copyright can be claimed and the inputs put, if considered separately, are of insignificant value and thus the respondents could not claim copyright. The word 'original' does not mean that the work must be the expression of original or inventive thought. Copyright Acts are not concerned with the originality of ideas, but with the expression of thought, and in the case of literary work, with the expression of thought in print or writing. The originality which is required relates to the expression of the thought. But the Act does not require that the expression must be in an original or novel form, but that the work must not be copied from another work - that it should originate from the author; and as regards compilation, originality is a matter of degree depending on the amount of skill, judgment or labour that has been involved in making the compilation. The words 'literary work' cover work which is expressed in print or writing irrespective of the question whether the quality or style is high. The commonplace matter put together or arranged without the exercise of more than negligible work, labour and skill in making the selection will not be entitled to copyright. The word 'original' does not demand original or inventive thought, but only that the work should not be copied but should originate from the author. In deciding, therefore, whether a work in the nature of a compilation is original, it is wrong to consider individual parts of it apart from the whole. For many compilations have nothing original in their parts, yet the sum total of the compilation may be original. In such cases the courts have looked to see whether the compilation of the unoriginal material called for work or skill or expense. If it did, it is entitled to be considered original and to be protected against those who wish to steal the fruits of the work or skill or expense by copying it without taking the trouble to compile it themselves. In each case, it is a question of degree whether the labour or skill or ingenuity or expense involved in the compilation is sufficient to warrant a claim to originality in a compilation.

17. While considering the question whether the copyright protection is available to the work created as a whole or the fragment of the work would be considered piecemeal and individually apart from the whole, the House of Lords said as under:

“ .. One test may be whether the part which he has taken is novel or striking, or is merely a commonplace arrangement of ordinary words or well-known data. So, it may sometimes be a convenient short cut to ask whether the part taken could by itself be the subject of copyright. But, in my view, that is only a short cut, and the more correct approach is first to determine whether the plaintiffs' work as a whole is 'original' and protected by copyright, and then to inquire whether the part taken by the defendant is substantial. A wrong result can easily be reached if one

begins by dissecting the plaintiffs' work and asking, could section A be the subject of copyright if it stood by itself, could section B be protected if it stood by itself, and so on. To my mind, it does not follow that, because the fragments taken separately would not be copyright, therefore, the whole cannot be. ."

18. In the case of *Walter and Another v. Lane*, [1900] AC 539 (HL), the Earl of Rosebery on five occasions in 1896 and 1898 delivered to the public audience speeches on subjects of public interest. The Reporter of 'The Times' took down the speeches in shorthand, wrote out their notes, corrected, revised and punctuated them and the reports were published in 'The Times', the speeches being given verbatim as delivered by Lord Rosebery. The reporters were employed under the terms that the copyright in all reports and articles composed by 'The Time' magazine should belong to the proprietors. In the year 1899, the respondent published a book called 'Appreciations and Addresses: Lord Rosebery', which contained the reports of the above speeches of Lord Rosebery and it was admitted that these reports were taken from the reports in 'The Times'. Lord Rosebery made no claim. The appellants brought an action against the respondent claiming a declaration that a copyright of the articles and reports was vested in the proprietors of 'The Times'. The issue involved in the case was whether a person who makes notes of a speech delivered in public, transcribes them and publishes in the newspaper a verbatim report of the speech, is the author of the report within the meaning of the Copyright Act, 1842, and is entitled to the copyright in the report. The House of Lords held that each reporter is entitled to report and each undoubtedly would have a copyright in his own published report. It was of course open to any other reporter to compose his own report of Lord Rosebery's speech, and to any other newspaper and book to publish that report; but it is a sound principle that a man shall not avail himself of another's skill, labour and expense by copying the written product thereof; and copyright has nothing to do with the originality or the literary merits of the author or composer. It may exist in the information given by a street dictionary. If a person chooses to compose and write a volume devoid of the faintest spark of literary or any other merit, there is no legal reason why he should not, if he desires, become the first publisher of it and register his copyright, worthless and insignificant as it would be.

19. In the case of *Designers Guild Ltd. v. Russell Williams (Textiles) Ltd.*, [2000] 1 WLR 2416 (HL), the plaintiff brought proceedings claiming that the defendant had infringed the plaintiff's copyright by copying one of its fabric designs, i.e. for the fabric design Ixia. The infringement of which the plaintiff complained was that for the purpose of creating its own design Marguerite by the defendant. The defendant had copied a substantial part of Ixia. There were mainly two main issues at the trial. First, what, if anything had the designer of Marguerite copied from Ixia. Secondly, did what had been copied amount to 'the whole or a substantial part' of Ixia? It was said by the House of Lords that the law of copyright rests on a very clear principle that anyone who by his or her own skill and labour creates an original work of whatever character shall enjoy an exclusive right to copy that work. No one else may for a season reap what the copyright owner had sown.

20. *University of London Press Limited v. University Tutorial Press Limited*, [1916] 2 Ch 601, is perhaps the most cited judgment regarding originality. Originality was held to be not required to be novel form but the work should not be copied from other work, that is, it should be original. .Facts Deleted.

21. In *Kelly v. Morris*, (1866) LR 1 Eq. 697, School of thought propounded is that, at least in respect of compilations, only time and expenses are necessary which is 'industrious collection'. The plaintiff was the owner and publisher of the first directory. The defendant came out with another directory. The plaintiff sought an injunction against the defendant to restrain the publication of the defendant's directory on the allegations that the defendant was guilty of appropriating the information contained in the plaintiff's directory and obtained the benefit of many years of incessant labour and expense. The defendant, on the other hand, contended that there had been no unfair or improper use of the plaintiff's work. Information which was given in the plaintiff's directory was entitled to be used and adopted as long as he did not servilely copy it. The defendant had bestowed his independent time, labour and expense on the matter and thus had in no way infringed the copyright of the plaintiff. Granting injunction, the Court held that in the case of a directory when there are certain common objects of information which must, if described correctly, be described in the same words, a subsequent compiler is bound to set about doing for himself that which the first compiler has done. In case of a road-book, he must count the milestones for himself. In the case of a map of a newly discovered island he must go through the whole process of triangulation just as if he had never seen any former map, and, generally he is not entitled to take one word of the information previously published without independently working out the matter for himself, so as to arrive at the same result from the same common sources of information, and the only use that he can legitimately make of a previous publication is to verify his own calculations and results when obtained. The compiler of a directory or guidebook, containing information derived from sources common to all, which must of necessity be identical in all cases if correctly given, is not entitled to spare himself the labour and expense of original inquiry by adopting and re-publishing the information contained in previous works on the same subject.

22. In the case of *Parry v. Moring and Gollancz, Cop Cas* (1901-1904) 49, the plaintiff, after obtaining permission from the representatives of the owner of certain letters, updated, chronologically arranged and translated them into modern English for their inclusion in his book. Later, the defendant published, as one of the series, an edition of the letters prepared by the plaintiff. The plaintiff, therefore, brought an action against the defendant alleging infringement of his copyright. The plaintiff maintained his copyright in his version of the text apart from the copyright in the text. It was held that there is copyright in the work of editing the text of a non-copyright work. The editor of a non-copyright work is not entitled to take the text from the edition of a rival editor and use it as a copy for the purpose of his own work.

Indian Cases

23. In *Gopal Das v. Jagannath Prasad and Another*, AIR 1938 All. 266, the plaintiffs were the printers and publishers of the books. The book titled 'Sachitra Bara Kok Shastra' was printed for the first time in 1928 and had run into four editions since. The defendants printed and published another book titled 'Asli Sachitra Kok Shastra' in 1930. The plaintiffs' case was that the book published by the defendants was a colourable imitation of their book and an infringement of plaintiffs' copyright. It was held by the Court that the plaintiffs compiled their book with considerable labour from various sources and digested and arranged the matter taken by them from other authors. The defendant instead of taking the pains of searching into all the common sources and obtaining his subject matter from them, obtained the subject matter from the plaintiffs' book and availed himself of the labour of the plaintiffs and adopted their arrangement and subject matter and, thus, such a use of plaintiffs' book could not be regarded as legitimate. It was held that a person whose work is protected by copyright, if he has collected the material with considerable labour, compiled from various sources of work in itself not original, but which he has digested and arranged, the defendant could not be permitted to compile his work of like description, instead of taking the pains of searching into all the common sources and obtaining the subject-matter from them and to adopt his arrangement with a slight degree of colourable variation thereby saving pains and labour which the plaintiff has employed. The act of the defendant would be illegitimate use. The Court held that no one is entitled to avail himself of the previous labour of another for the purpose of conveying to the public the same information, although he may append additional information to that already published.

24. In *V. Govindan v. E.M. Gopalakrishna Kone and Another*, AIR 1955 Madras 391, the respondents had published an English-English Tamil Dictionary in 1932. The appellants were the publishers of similar Dictionary in 1947. An action was brought regarding the publication and sale of the dictionary by the appellants which was alleged to be constituting an infringement of the respondents' copyright. The lower court went through both the books minutely and found, page after page, word after word, slavishly copied, including the errors, and found the sequence, the meanings, the arrangement and everything else practically the same, except for some 'deliberate differences' introduced here and there to cover up the piracy'. The High Court referred to Copinger and James on Law of Copyright wherein the law has been neatly summarized that : 'In the case of compilations such as dictionaries, gazetteers, grammars, maps, arithmetic, almanacs, encyclopaedias and guide books, new publications dealing with similar subject-matter must of necessity resemble existing publications, and the defence of 'common source' is frequently made where the new publication is alleged to constitute an infringement of an earlier one.' The Court held that in law books and in books as mentioned above there is very little amount of originality but the same is protected by law and 'no man is entitled to steal or appropriate for himself the result of another's brain, skill or labour even in such works.' The Court further clarified that where there is a 'common source', the person relying on it must prove that he actually went to the common source from where he borrowed, employing his own skill, labour and brains and that he did not merely copy.

25. In *C. Cunniah & Co. v. Balraj & Co.*, AIR 1961 Madras 111, the appellant firm was carrying on the business in pictures, picture frames, etc. One Sri T.M. Subramaniam drew a picture of Lord Balasubramanya and gave it the title of Mayurapriya and a copyright was assigned to the appellant. It came to the knowledge of the appellant firm that the respondent firm was printing and selling copies of a close and colourable imitation of the appellant's picture under the style of Bala Murugan. The case of the defence was that their picture was an independent production and that the appellant had not acquired copyright in the picture and the subject dealt with in that picture was a common subject, in which no copyright could be acquired by anyone. The Court held that in order to obtain copyright production for literary, domestic, musical and artistic works, the subject dealt with need not to be original, nor the ideas expressed be something novel. What is required is the expenditure of original skill or labour in execution and not originality of thought.

26. In *Agarwala Publishing House v. Board of High School and Intermediate Education and Another*, AIR 1967 All. 91, a writ petition was filed by a publisher firm challenging an amendment of the Regulations of the Board declaring that copyright of the question papers set at all examinations conducted by the Board shall vest in the Board and forbidding the publication of such question papers without the Board's permission. The question involved in the case was whether the question papers are 'original literary work' and come within the purview of Section 13 of the Copyright Act, 1957. It was urged that no copyright can exist in examination papers because they are not 'original literary work'. It was held that the 'original literary works referred to in Section 13 of the Copyright Act, 1957, are not confined to the works of literature as commonly understood. It would include all works expressed in writing, whether they have any literary merits or not. This is clear from the definition given in Section 2(o) of the Act which states that literary work includes tables and compilations. The Court further held that the word 'original' used in Section 13 does not imply any originality of ideas but merely means that the work in question should not be copied from some other work but should originate in the author, being the product of his labour and skill.

27. In the case of *Gangavishnu Shrikisondas v. Moreshvar Bapuji Hegishte and Others*, ILR 13 Bom 358, the plaintiff, a book seller, in 1984 brought out a new and annotated edition of a certain well-known Sanskrit work on religious observances entitled 'Vrtraj', having for that purpose obtained the assistance of the pandits, who re-cast and re-arranged the work, introduced various passages from other old Sanskrit books on the same subject and added footnotes. Later on, the defendant printed and published an edition of the same work, the text of which is identical with that of the plaintiff's work, which moreover contained the same additional pages and the same footnotes, at the same places, with many slight differences. The foundation of both plaintiff's and defendant's books is an old Sanskrit work on Hindu ceremonial, which could have been published by anyone. The copyright claimed by the plaintiff was on the additions and alterations to the original text, which the parties admit to be material and valuable, and in which the copyright is claimed of its prior publication. The defendants argued that there was nothing

really original in the plaintiff's book and, therefore, he was not entitled to copyright in the book. It was held by the Court that a new arrangement of old matters will give a right to the protection afforded by the law of copyright. If anyone by pains and labour collects and reduces it as a systematic compilation in the form of a book it is original in the sense that that entitles the plaintiff to the copyright. The plaintiff worked for such a new arrangement of old matters as to be an original work and was entitled to the protection; and that as the defendants had not gone to independent sources of the material but had pirated the plaintiff's work, they were restrained by injunction.

28. In *Rai Toys Industries and Others v. Munir Printing Press*, 1982 PTC 85, the plaintiff had published a Tambola ticket book containing 1500 different tickets in 1929. The plaintiffs alleged that the defendants had brought out another ticket book which the plaintiffs claimed to have written in 1929 and registered as copyright. The ticket book brought out by the defendants was alleged to contain 600 different tickets and the same had been copied identically from the books of the plaintiff. On this basis, a suit for injunction and rendition of account was filed by the plaintiff. The question before the court was whether the ticket-books in the form of tables constitute literary work; and whether copyright has been violated or not? It was held by the High Court that preparation of tickets and placing them in tables required a good deal of skill and labour and would thus satisfy the test of being original literary work. It was recognized that the arrangement of numbers is individual work of a person who prepares it; it bears his individuality and long hours of labour. It is not information which could be picked up by all and sundry. The preparation of tickets is an individualized contribution and the compilation eminently satisfies the test of being an original literary work. Hence it was held to be a clear case of copyright violation when the defendant decided to pick and choose 600 tables on the sly and publish them as his individual work.

29. In *Macmillan and Another v. Suresh Chandra Deb*, ILR 17 Cal 952, the plaintiffs were proprietors of the copyright of a selection of songs and poems composed by various authors, which was published in 1861. In 1889, the defendants published a book containing same selection of poems and songs as was contained in plaintiff's book, the arrangement, however, being different. The plaintiffs claimed copyright in the selection made by them. The defendants, on the other hand, contended that there could be no copyright in such selection. The Court held that in the case of works not original in the proper sense of the term, but composed of, or compiled or prepared from material which are open to all, the fact that one man has produced such a work does not take away from anyone else the right to produce another work of the same kind, and in doing so to use all the materials open to him. But, as the law is concisely stated by Hall, V.C., in *Hogg v Scott*, L.R. 18 Eq. 444, , 'the true principle in all these cases is, that the defendant is not at liberty to use or avail himself of the labour which the plaintiff has been at for the purpose of producing his work, that is, in fact, merely to take away the result of another man's labour, or, in other words, his property.' It is enough to say that this principle has been applied to maps, to road books, to guide books, to compilations on scientific and other subjects. This

principle seems to be clearly applicable to the case of a selection of a poem. It was held that for such a selection as the plaintiff had made obviously required extensive reading, careful studying and comparison and the exercise of taste and judgment to make a selection for himself. But, if one spares himself this trouble and adopts some other person's selection, he offends against the principle. The Court was of the opinion that the selection of poems made by the plaintiff and embodied in the Golden Treasury was the subject of copyright and that the defendant's book had infringed that right.

30. ***These decisions are the authority on the proposition that the work that has been originated from an author and is more than a mere copy of the original work, would be sufficient to generate copyright. This approach is consistent with the 'sweat of the brow' standards of originality. The creation of the work which has resulted from little bit of skill, labour and capital are sufficient for a copyright in derivative work of an author.*** Decisions propounded a theory that an author deserves to have his or her efforts in producing a work, rewarded. The work of an author need not be in an original form or novel form, but it should not be copied from another's work, that is, it should originate from the author. The originality requirement in derivative work is that it should originate from the author by application of substantial degree of skill, industry or experience. ***Precondition to copyright is that work must be produced independently and not copied from another person. Where a compilation is produced from the original work, the compilation is more than simply a re-arranged copyright of original, which is often referred to as skill, judgment and or labour or capital. The copyright has nothing to do with originality or literary merit.*** Copyrighted material is that what is created by the author by his skill, labour and investment of capital, maybe it is derivative work. The courts have only to evaluate whether derivative work is not the end-product of skill, labour and capital which is trivial or negligible but substantial. The courts need not go into evaluation of literary merit of derivative work or creativity aspect of the same.

31. Mr. P N Lekhi, learned senior counsel appearing for the respondents in C.A. No. 6472/2004 has submitted that the judgment of the court is a government work as defined under Section 2(k)(iii) and on account of Section 17 (d), the Government in the absence of any agreement to the contrary be the first owner of the copyright therein.

Section 52(1)(q)(iv) provides that the publication of any judgment or order of a court, tribunal or other judicial authority, unless the reproduction of publication of such judgment or order is prohibited, would not constitute an infringement of the copyright. Therefore, publication of the judgments of the apex court by the respondents would not tantamount to infringement of the copyright of the appellants. It is further urged that the judgments published in the Supreme Court Cases is nothing but merely a derivative work based upon the judgments of the court, which lacks originality as it does not depict independent creation even a modicum of creativity. The inputs put by the appellants is nothing but expressing an idea which can be expressed in a limited way and as such there cannot be a copyright. Filling the blanks or gaps by providing names of the parties or citations of the judgments, both of which are well known and

unchangeable parts of that idea, are not original work. These are not creative at all to warrant copyright protection, either singly or in combination. The additions made in the reported judgment by the editors of the Supreme Court Cases are only the well-known extensions of the reported decision. These extensions lack even the minimal degree of author's creativity or originality or intellectual labour. These additions do not create additional knowledge, the protection of which is the very basis of the copyright protection.

32. It is submitted by Ms. Pratibha M. Singh, learned counsel for the respondents in C.A. No. 6905/2004, that in the present case, the journals of the appellants, including SCC, are printed and published on the basis of pre-existing judgments. Journals are, therefore, a derivative work. There is a distinction between a 'law report' as understood in England and a 'law journal' as printed in India. The appellants' journal 'SCC' is not a law report in the strict sense, inasmuch as the appellants' journal reproduces the judgments of the court verbatim along with inputs. However, a law report known in the traditional English sense is when a law reporter present in the court would record in his own words and language the arguments of the counsel on both sides, give a summary of the facts and incorporate into the said report his transcript of the speech of the Judge. Thus, the appellants' work could only be a law journal and not a law report. The judgments were specifically made a part of the exception to copyright infringement and thus find place in Section 52(1)(q) of the Act. The underlying purpose is that it is in public interest to place judgments in public domain. The work for which the copyright protection is claimed is a derivative work. For claiming protection of copyright in a derivative work, under the Indian law originality is a pre-condition and originality means only that the work was independently created by the author as opposed to copied from other works, and that it possesses at least some minimal degree of creativity. There is a distinction between creation and discovery. The first person to find a particular fact has not created the fact, he or she has merely discovered its existence. Reporting of the judgments of the Supreme Court with certain inputs could only be said to be a discovery of facts already in existence. Though for the purposes of creativity neither novelty nor invention is requisite for copyright protection, but at least some minimal creativity is a must. To create a copyright by alterations of the text, these must be extensive and substantial practically making a new version. The English decisions relied upon by the appellants would not apply to the facts of the present case as all the said authorities are under the old 1842 Act in U.K. wherein the word 'original' was conspicuously missing in the statute. It is further urged that the copy-editing inputs of the appellants are only discoveries/facts and there are limited ways/unique of expressing the various copy-editing inputs and thus no copyright can subsist in such limited/unique expressions. The facts which are discovered could be expressed in limited ways and as such ways adopted cannot give copyright protection to the inputs or the judgments as a whole. It is urged that recognizing the copyright in the copy-edited version of the law reports would amount to giving the appellants a monopoly in the judgments of the courts which is against the intendment of Section 52(1)(q)(iv) and would defeat the purpose of putting judgments in the public domain. It is submitted by the learned counsel for the respondents that for a derivative work, the originality test as applied in United States Supreme Court should be made applicable

whereby the author of a derivative work would satisfy that the work has been produced from his exercise of skill and judgment. The exercise of skill and judgment required to produce the work must not be so trivial that it could be characterized a purely mechanical exercise. The work should be independently created by the author as opposed to copied from the other works and that it possesses at least some minimal degree of creativity. The case law relied upon by the learned counsel for the respondents is considered hereinafter.

Minimal degree of creativity

American Cases

33. In *Feist Publications Inc. v. Rural Telephone Service Co. Inc.*, 18 USPQ 2d. 1275, Rural Telephone Service Co. publishes a typical telephone directory consisting of white pages and yellow pages. The white pages list in alphabetical order the names of rural subscribers together with their towns and telephone numbers. The yellow pages list Rural's business subscribers alphabetically by category and feature classified advertisements of various sizes. To obtain white pages listings for its area-wide directory, Feist Publications Inc. approached different telephone companies operating in North West Kansas and offered to pay for the right to use their white pages listings. Of them, only Rural refused. Unable to license Rural's white pages listings, Feist used them without Rural's consent. Rural sued for copyright infringement in the District Court taking the position that Feist, in compiling its own directory, could not use the information contained in Rural's white pages. Rural asserted that Feist's employees were obliged to travel door to door or conduct a telephone survey to discover the same information for themselves. Feist responded that such efforts were economically impractical and, in any event, unnecessary because the information copied was beyond the scope of copyright protection. *The United States Supreme Court held that the sine qua non of copyright is originality. To qualify for copyright protection, a work must be original to the author. Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity. The requisite level of creativity is extremely low; even a slight amount will suffice.* The vast majority of works make the grade quite easily, as they possess some creative spark, no matter how crude, humble or obvious it might be. Originality does not signify novelty; a work may be original even though it closely resembles other works so long as the similarity is fortuitous, not the result of copying. The Court further held that no one claim originality as to the facts. This is because facts do not owe their origin to an act of authorship. The distinction is one between creation and discovery: the first person to find and report a particular fact has not created the fact; he or she has merely discovered its existence. Factual compilations, on the other hand, may possess the requisite originality. The compilation author typically chooses which facts to include, in what order to place them, and how to arrange the collected data so that they may be used effectively by readers. These choices as to selection and arrangement, so long as they are made independently by the compiler and entail a minimal degree of creativity, are sufficiently original. Thus, if the compilation author clothes facts with an original collocation of words, he or she may

be able to claim a copyright in this written expression. The Court goes on to hold that the primary objective of copyright is not to reward the labour of authors, but to promote the progress of science and useful arts. To this end, copyright assures authors the right to their original expression but encourages others to build freely upon the ideas and information conveyed by a work. Only the compiler's selection and arrangement may be protected; however, the raw facts may be copied at will. The *Court rejected the doctrine of the 'sweat of the brow' as this doctrine had numerous flaws*, the most glaring being that it extended copyright protection in a compilation beyond selection and arrangement 'the compiler's original contributions' to the facts themselves. A subsequent compiler was not entitled to take one word of information previously published, but rather had to independently work out the matter for himself, so as to arrive at the same result from the same common sources of information. *'Sweat of the brow' courts thereby eschewed the most fundamental axiom of copyright law that no one may copyright facts or ideas. The 'sweat of the brow' doctrine flouted basic copyright principles and it creates a monopoly in public domain materials without the necessary justification of protecting and encouraging the creation of writings by authors.*

34. The judgment in *Matthew Bender & Co., Inc. v. West Publishing Co.*, 158 F.3d 674 (2nd Cir. 1998), is of United States Court of Appeals, Second Circuit, which directly covers the reports of the judgments of the courts. The facts involved in the case are that the West Publishing Co. and West Publishing Corp. ('West') obtain the text of judicial opinions directly from courts. It alters these texts into (i) independently composed features, such as syllabus, head notes which summarize the specific points of law recited in each opinion and key numbers which categorize points of law into different legal topics and sub-topics and (ii) additions of certain factual information to the text of the opinions, including parallel or alternative citations to cases, attorney information, and data on subsequent procedural history. West publishes the case reports in different series of case reporters collectively known as 'National Reporter System'. Two series of case reporters at issue in that case were the Supreme Court Reporter and the Federal Reporter. HyperLaw publishes and markets CD-ROMs which are compilations of the Supreme Court and the United States Court of Appeals that cover approximately the same ground. HyperLaw intends to expand its CD-ROM product taking the material from the West publications. HyperLaw intervened and sought a judgment declaring that the individual West case reports that are left after redaction of the first category of alterations do not contain copyrightable material. It was held by the Court that for copyright protection, the material does not require novelty or invention, but minimal creativity is required. All of West's alterations to judicial opinions involve the addition and arrangement of facts, or the rearrangement of data already included in the opinions, and, therefore, any creativity in these elements of West's case reports lies in West's selection and arrangement of this information. West's choices on selection and arrangement can reasonably be viewed as obvious, typical and lacking even minimal creativity. Copyright protection is unavailable for both derivative works and compilations alike unless, when analysed as a whole, they display sufficient originality so as to amount to an original work of authorship. Originality requires only that the author makes the selection or arrangement independently and that it

displays some material with minimal level of creativity. While a copy of something in the public domain will not, if it be merely a copy, support a copyright, a distinguishable variation will. To support a copyright there must be at least some substantial variation, not merely a trivial variation such as might occur in the translation to a different medium. Creativity in selection and arrangement, therefore, is a function of (i) the total number of options available, (ii) external factors that limit the viability of certain options and render others non-creative, and (iii) prior uses that render certain selections 'garden variety'.

35. In the case of *Key Publications, Inc. v. Chinatown Today Publishing Enterprises, Inc.*, 945 F.2d.509, Key Publication published an Annual Classified Business Directory for New York City's Chinese-American community. In 1990, Galore Publication published the Galore Directory, a classified directory for the New York Chinese American community. Key brought a suit against Galore Directory charging that Galore Directory infringed Key's copyright in the 1989-90 Key Directory. The United States Court of Appeal held that individual components of compilation are generally within the public domain and thus available for public. There are three requirements for a compilation to qualify for copyright protection : (1) the collection and assembly of pre-existing data; (2) selection, co-ordination or arrangement of the data; and (3) the resulting work that comes into being is original, by virtue of the selection, coordination or arrangement of the data contained in the work. For originality, the work is not required to contain novelty. The doctrine of 'sweat of the brow', rewarded compilers for their efforts in collecting facts with a de facto copyright to those facts and this doctrine would prevent, preclude the author absolutely from saving time and effort by referring to and relying upon prior published material. It extended copyright protection in compilation beyond selection and arrangement - the compiler's original contribution to the facts themselves drawn on 'sweat of the brow' is a copyright protection to the facts discovered by the compiler. The court discarded 'sweat of the brow' notion of copyright law.

36. In *Macmillan and Company v. K. and J. Cooper*, 1924 Privy Council 75, action was brought by McMillan and Company to restrain the respondent-firm who was carrying on the trade and business of publishers of educational books, from printing, distributing or otherwise disposing of copies of the book published by the appellants. The ground on which the relief was claimed was that the appellants had a copyright in the book entitled 'Plutarch's Life of Alexander, Sir Thomas North's Translation and that the respondent published subsequently a book entitled 'Plutarch's Life of Alexander the Great, North's Translation, as it had infringed the copyright to which the appellants were entitled in the earlier compilation. The Court noted the contents of the book of the appellants as also that of the respondent. As per the Court, the text of the appellants' book consisted of a number of detached passages, selected from Sir Thomas North's translation, words being in some instances introduced to knit the passages together so that the text should as far as possible, present the form of an unbroken narrative. The passages so selected were, in the original translation, by no means contiguous. Considerable printed matter in many instances separated the one from the other. The opinion of the Privy Council was that for

the work done by the appellants, great knowledge, sound judgment, literary skill or taste in the inputs brought to bear upon the translation was not required, as the passages of the translation which had been selected are reprinted in their original form, not condensed, expanded, modified or reshaped to any extent whatever. The Court observed that the North's translation of Plutarch's Life of Alexander does not and never did, as the law stands, never can enjoy the protection of copyright; and the questions which arise for decision must be dealt with upon that assumption. The Court said that in all cases where the reprint with the text of it consisted merely of a reprint of passages selected from the work of any author, would never have a copyright. There may be cases where selecting and reprinting the passages would require the appreciation upon what has been laid down or established in the book and labour, accurate scientific knowledge, sound judgment, touching the purpose for which the selection is made, and literary skill would all be needed to effect the object in view. In such a case, the copyright might well be acquired for the print of the selected passages. The Court said that it is the product of the labour, skill and capital of one man which must not be appropriated by another, not the elements, the raw material, upon which the labour and skill and capital of the first have been expended. ***To secure copyright for this product, it is necessary that the labour, skill and capital expended should be sufficient to impart to the product some quality or character which the raw material did not possess and which differentiates the product from the raw material.*** The Court approved the principles enunciated in the case of *University of London Press, Ltd. v. University Tutorial Press, Ltd.*, [1916] 2 Ch. 601, dealing with the meaning of the words 'original literary work' that the original does not mean expression of original or inventive thought. The Copyright Act is not concerned with the original ideas, but with the expression of thought. The originality which is required relates to expression of thought and the Act does not require that the expression must be in original or novel form. The work must not be copied from another work 'that it should originate from the author.

Compilation to be somewhat different and not mere product of labour and capital

Canadian Case

37. The Supreme Court of Canada in the matter of *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 (1) SCR 339 (Canada) has noticed the competing views on the meaning of 'original' in copyright law wherein some courts have held that a work which has originated from an author and is more than a mere copy of a work, is sufficient to give copyright. This approach is held to be consistent with the 'sweat of the brow' or 'industriousness' standard of originality on the premise that an author deserves to have his or her efforts in producing a work rewarded. Whereas the other courts have held that a work must be creative to be original and thus protected by the copyright Act, which approach is consistent with a natural rights theory of property law; however, it is less absolute in that only those works that are the product of creativity will be rewarded with copyright protection and it was suggested in those decisions that the creativity approach to originality helps ensure that copyright protection is extended to the expression of

ideas as opposed to the underlying ideas or facts. The Court has also noticed that those cases which had adopted the sweat of the brow approach to originality should not be interpreted as concluding that labour, in and of itself, would be a ground for finding of originality. The question for consideration of the copyright has arisen on the following fact foundation. The appellant, Law Society of Upper Canada, has maintained and operated the Great Library at Osgoode Hall in Toronto, a reference and research library. The Great Library provides a request-based photocopy service for Law Society members, the judiciary and other authorized researchers. Under the custom photocopy service, legal materials are reproduced and delivered to the requesters. The Law Society also maintains self-service photocopiers in the Great Library for use by its patrons. The respondents, CCH Canadian Ltd., Thomson Canada Ltd. and Canada Law Book Inc. publish law reports and other legal materials. The law book publishers commenced copyright infringement action against the Law Society claiming ownership of copyright in 11 specific works on the ground that the Law Society had infringed copyright when the Great Library reproduced a copy of each of the works. The publishers further sought permanent injunction prohibiting the Law Society from reproducing these 11 works as well as any other works that they published. The Law Society denied liability and submitted that the copyright is not infringed when a single copy of a reported decision, case summary, statute, regulation or a limited selection of text from a treatise is made by the Great Library staff or one of its patrons on a self-service photocopier for the purpose of research. The Court was called upon to decide the question as to what shall be the originality in the work of compilation. On consideration of various cases, it was held that to be original under the Copyright Act the work must originate from an author, not be copied from another work, and must be the product of an author's exercise of skill and judgment. The exercise of skill and judgment required to produce the work must not be so trivial that it could be characterized as a purely mechanical exercise. Creative works by definition are original and are protected by copyright, but creativity is not required in order to render a work original. The original work should be the product of an exercise of skill and judgment and it is a workable yet fair standard. The sweat of the brow approach to originality is too low a standard which shifts the balance of copyright protection too far in favour of the owner's right, and fails to allow copyright to protect the public's interest in maximizing the production and dissemination of intellectual works. On the other hand, the creativity standard of originality is too high. A creative standard implies that something must be novel or non-obvious - concepts more properly associated with patent law than copyright law. By way of contrast, a standard requiring the exercise of skill and judgment in the production of a work avoids these difficulties and provides a workable and appropriate standard for copyright protection that is consistent with the policy of the objectives of the Copyright Act. Thus, the *Canadian Supreme Court is of the view that to claim copyright in a compilation, the author must produce a material with exercise of his skill and judgment which may not be creativity in the sense that it is not novel or non-obvious, but at the same time it is not the product of merely labour and capital.*

38. It is the admitted position that the reports in the Supreme Court Cases (SCC) of the judgments of the Supreme Court is a derivative work in public domain. By virtue of Section

52(1) of the Act, it is expressly provided that certain acts enumerated therein shall not constitute an infringement of copyright. Sub-clause (iv) of clause (q) of Section 52(1) excludes the reproduction or publication of any judgment or order of a Court, Tribunal or other judicial authority, unless the reproduction or publication of such judgment or order is prohibited by the Court, the Tribunal or other judicial authority from copyright. The judicial pronouncements of the Apex Court would be in the public domain and its reproduction or publication would not infringe the copyright. That being the position, the copy-edited judgments would not satisfy the copyright merely by establishing amount of skill, labour and capital put in the inputs of the copy-edited judgments and the original or innovative thoughts for the creativity are completely excluded. Accordingly, original or innovative thoughts are necessary to establish copyright in the author's work. The principle where there is common source the person relying on it must prove that he actually went to the common source from where he borrowed the material, employing his own skill, labour and brain and he did not copy, would not apply to the judgments of the courts because there is no copyright in the judgments of the court, unless so made by the court itself. To secure a copyright for the judgments delivered by the court, it is necessary that the labour, skill and capital invested should be sufficient to communicate or impart to the judgment printed in SCC some quality or character which the original judgment does not possess and which differentiates the original judgment from the printed one. ***The Copyright Act is not concerned with the original idea but with the expression of thought. Copyright has nothing to do with originality or literary merit. Copyrighted material is that what is created by the author by his own skill, labour and investment of capital, maybe it is a derivative work which gives a flavour of creativity. The copyright work which comes into being should be original in the sense that by virtue of selection, co-ordination or arrangement of pre-existing data contained in the work, a work somewhat different in character is produced by the author. On the face of the provisions of the Indian Copyright Act, 1957, we think that the principle laid down by the Canadian Court would be applicable in copyright of the judgments of the Apex Court.*** We make it clear that the decision of ours would be confined to the judgments of the courts which are in the public domain as by virtue of Section 52 of the Act there is no copyright in the original text of the judgments. ***To claim copyright in a compilation, the author must produce the material with exercise of his skill and judgment which may not be creativity in the sense that it is novel or non-obvious, but at the same time it is not a product of merely labour and capital. The derivative work produced by the author must have some distinguishable features and flavour to raw text of the judgments delivered by the court. The trivial variation or inputs put in the judgment would not satisfy the test of copyright of an author.***

39. On this touchstone, we shall take into consideration the inputs put by the appellants in their journal 'SCC'. The appellants have added in the copy-edited version the cross-citations to the citation(s) already given in the original text; added names of cases and cross-citations where only the citation of the case is given; added citation and cross-citations where only name of the case is given; inserted citation in case history where only the title and year of the impugned/earlier order is given; presented in their own style the cases when they are cited

repeated in the judgment; provided precise references to the quoted matter in the judgment by giving exact page and paragraph number as in the original case source/treatise/reference material; added margin headings to quoted extracts from statutes/rules, etc., when they are missing from the original text of the judgment; added the number of the Section/Rule/Article/paragraph to the extract quoted in the original text; added the names of Judges on whose behalf opinion given by giving expressions such as 'for himself and Pathak, C.J.' etc.; done verification of first word of the quoted extract and supplied emphasis on such verification; added ellipsis “..” to indicate breaks in quoted extract; provided and supplied the matter inadvertently missed in quoted extracts in the original text of the judgment; completed/corrected the incomplete/incorrect case names or citations; renumbered correctly the clauses/sub-clauses in terms of the questions framed which were numbered in terms of answers to questions framed by learned Judge; changed the text as per corrigenda issued, which has been issued upon SCC Editor's request and suggestions; done compressing/simplification of information relating to the case history; followed certain norms at SCC for giving case names; omitted the words like 'Section', 'Sec.', 'Rule', etc. and given only the number of the Section/rule at the beginning of the quoted extract; made margin heading and the first clause/sub-section or initial matter of section/rule etc. to run-on instead of being let to start from a fresh line; done compressing of unquoted referends and use of *** for parts; replaced the series of dots in the raw text with ellipsis; removed abbreviations such as sec., R., cl. and substituted them with full word, i.e. Section, Rule, clause; added hyphenation after the section/rule numbers which have alphabets suffixed to them; applied indentation of quoted extracts; removed full stops or word 'No.' ; and given full forms of abbreviations to enhance readability and clarity. In addition to the above, capitalization and italicization is also made wherever necessary in the raw text; and punctuation, articles, spellings and compound words are also checked and corrected, if required, in the original text.

40. The aforesaid inputs put by the appellants in the judgments would have had a copyright had **we accepted the principle that anyone who by his or her own skill and labour creates an original work of whatever character, shall enjoy an exclusive right to copy that work and no one else would be permitted to reap the crop what the copyright owner had sown.** No doubt the appellants have collected the material and improved the readability of the judgment by putting inputs in the original text of the judgment by considerable labour and arranged it in their own style, but that does not give the flavour of minimum requirement of creativity. The exercise of the skill and judgment required to produce the work is trivial and is on account of the labour and the capital invested and could be characterized as purely a work which has been brought about by putting some amount of labour by the appellants. Although for establishing a copyright, the creativity standard applies is not that something must be novel or non-obvious, but some amount of creativity in the work to claim a copyright is required. It does require a minimal degree of creativity. Arrangement of the facts or data or the case law is already included in the judgment of the court. Therefore, creativity of SCC would only be addition of certain facts or material already published, case law published in another law report and its own arrangement and presentation of the judgment of the court in its own style to make it more user- friendly. The selection and

arrangement can be viewed as typical and at best result of the labour, skill and investment of capital lacking even minimal creativity. It does not as a whole display sufficient originality so as to amount to an original work of the author. To support copyright, there must be some substantive variation and not merely a trivial variation, not the variation of the type where limited ways/unique of expression available and an author selects one of them which can be said to be a garden variety. **Novelty or invention or innovative idea is not the requirement for protection of copyright but it does require minimal degree of creativity. In our view, the aforesaid inputs put by the appellants in the copy-edited judgments do not touch the standard of creativity required for the copyright.**

41. However, the inputs put in the original text by the appellants in (i) segregating the existing paragraphs in the original text by breaking them into separate paragraphs; (ii) adding internal paragraph numbering within a judgment after providing uniform paragraph numbering to the multiple judgments; and (iii) indicating in the judgment the Judges who have dissented or concurred by introducing the phrases like ‘concurring’, ‘partly concurring’, ‘partly dissenting’, ‘dissenting’, ‘supplementing’, ‘majority expressing no opinion’, etc., have to be viewed in a different light. The task of paragraph numbering and internal referencing requires skill and judgment in great measure. The editor who inserts para numbering must know how legal argumentation and legal discourse is conducted and how a judgment of a court of law must read. Often legal arguments or conclusions are either clubbed into one paragraph in the original judgment or parts of the same argument are given in separate paragraphs. It requires judgment and the capacity for discernment for determining whether to carve out a separate paragraph from an existing paragraph in the original judgment or to club together separate paragraphs in the original judgment of the court. Setting of paragraphs by the appellants of their own in the judgment entailed the exercise of the brain work, reading and understanding of subject of disputes, different issues involved, statutory provisions applicable and interpretation of the same and then dividing them in different paragraphs so that chain of thoughts and process of statement of facts and the application of law relevant to the topic discussed is not disturbed, would require full understanding of the entire subject of the judgment. Making paragraphs in a judgment could not be called a mechanical process. It requires careful consideration, discernment and choice and thus it can be called as a work of an author. Creation of paragraphs would obviously require extensive reading, careful study of subject and the exercise of judgment to make paragraph which has dealt with particular aspect of the case, and separating intermixing of a different subject. Creation of paragraphs by separating them from the passage would require knowledge, sound judgment and legal skill. In our opinion, this exercise and creation thereof has a flavour of minimum amount of creativity. The said principle would also apply when the editor has put an input whereby different Judges’ opinion has been shown to have been dissenting or partly dissenting or concurring, etc. It also requires reading of the whole judgment and understanding the questions involved and thereafter finding out whether the Judges have disagreed or have the dissenting opinion or they are partially disagreeing and partially agreeing to the view on a

particular law point or even on facts. In these inputs put in by the appellants in the judgments reported in SCC, the appellants have a copyright and nobody is permitted to utilize the same.

42. For the reasons stated in the aforesaid discussion, the appeals are partly allowed. The High Court has already granted interim relief to the plaintiff-appellants by directing that though the respondent-defendants shall be entitled to sell their CD-ROMS with the text of the judgments of the Supreme Court along with their own head notes, editorial notes, if any, they should not in any way copy the head notes of the plaintiff-appellants; and that the defendant-respondents shall also not copy the footnotes and editorial notes appearing in the journal of the plaintiff-appellants. It is further directed by us that the defendant-respondents shall not use the paragraphs made by the appellants in their copy-edited version for internal references and their editor's judgment regarding the opinions expressed by the Judges by using phrases like 'concurring', 'partly dissenting', etc. on the basis of reported judgments in SCC. The judgment of the High Court is modified to the extent that in addition to the interim relief already granted by the High Court, we have granted the above-mentioned additional relief to the appellants.

43. In view of the decision rendered by us in the civil appeals, we do not think it necessary to pass any order on the contempt petition. The contempt petition stands disposed of accordingly.

44. There shall be no order as to costs.

* * * * *

Urmi Juvekar Chiang v. Global Broadcast News Limited

2008 (36) PTC 377 (Bom)

A.M. KHANWILKAR, J. - 3. The Plaintiff claims to be a reputed script-writer having scripted various films and various television serials. She also claims to have authored and/or directed and/or produced various documentary films. In substance, the grievance of the Plaintiff against the Defendants, on the basis of which, interim relief is claimed against them is on two grounds

(a) Breach of Confidentiality by the Defendants.

(b) Infringement of copyright of the Plaintiff.

Both these causes are in relation to reproduction and adaptation in the format of the proposed television programme created by the Plaintiff titled "Work in Progress", by the Defendants by making the television programme by title "Summer Showdown" and proposing to broadcast the same on the CNN-IBN television news channel.

4. Some of the facts common to both these grounds as asserted in the Plaint are that, in or about November 2005, the Plaintiff conceived an idea of a reality television programme, which would follow citizens from different parts of the Country as they took the initiative and set out to solve a civic problem of their choice in their locality. The Plaintiff asserts that the programme would follow the chosen protagonists through the quagmire of bureaucracy and conflicting interests and destructive attitudes as they tried to solve a civic problem of their choice. That the programme would highlight the fight of the protagonists on many fronts and in the end, even if the protagonists failed to solve the problem, the programme would highlight that the protagonists had tried to solve the civic problem. ***The Plaintiff transformed her idea into a concept and prepared a detailed concept note containing the concept, the form, the treatment, the problems, etc.*** (Exhibit A to the Plaint). The said concept note prepared by the Plaintiff of the television programme titled Work in Progress was registered with the Film Writers Association, Mumbai on 9th November 2005. The Plaintiff asserts that the concept note is a literary work within the meaning of Section 2(o) of the Copyright Act, 1957; and that the Plaintiff has the exclusive right to reproduce the said literary work and to make a television programme based on the same in terms of Section 14(a) of the Act. Insofar as the interaction with the Defendants, it is stated that in or about March 2006, the Plaintiff first approached Ms. Rasika Tyagi of the Defendants and on 10th March 2006 sent an e-mail thanking Ms. Rasika Tyagi for agreeing to look at the Plaintiffs concept. In the said communication, Plaintiff has recorded that the proposed programme was a news-based television show titled Work in Progress. In response to this communication, Ms. Rasika Tyagi vide her e-mail dated 21st March 2006 replied to the Plaintiff that she has gone through the concept and the same sounds interesting. She further informed the Plaintiff to make it convenient to meet her whenever she is in Delhi to discuss the concept further. On the basis of this representation, the Plaintiff contacted one Mr. Arjun Gaurisaria, the Managing Director of Black Magic Movies Private Limited, who agreed to act as a producer of the television programme titled Work in Progress. Besides, the Plaintiff visited Ms. Rasika Tyagi of the Defendants and had a detailed discussion with her and also made a detailed presentation of her concept as further developed and *also the production plan*.

The Plaintiff asserts that the further developed concept notes and the production plan (Exhibit D) were also her "literary work". The same were discussed threadbare with the Defendants, but the Plaintiff was informed that the budget proposed by her for the proposed television programme was on the higher side.

.... [some correspondence was exchanged among Mr. Arjun Gaurisaria, Ms. Rasika Tyagi, Ramachandran Srinivasan, the Executive Producer and Mr. Rajdeep Sardesai, Editor-in-chief of the Defendants. The details of mails about one page deleted]

Thereafter, Arjun Gaurisaria sent another e-mail on 14th April 2007, both to Rajdeep Sardesai and Rasika Tyagi of the Defendants pointedly asking them whether they were interested in taking the programme *Work in Progress*. Plaintiff asserts that instead of receiving any response from the Defendants, the Plaintiff was shocked to see promotion of a programme titled "Summer Showdown" on the CNN-IBN Television Channel, which attempts to showcase five families across five cities, trying to find solutions to civic woes that come with Summer. This came to the knowledge of the Plaintiff on 19th May 2007, although the said programme titled "Summer Showdown" was already being aired from 14th May 2007. To know about more details of the said programme, the Plaintiff visited the website of the Defendants and viewed the promotional videos promoting the television programme "Summer Showdown" that were available on the website "ibnlive.com" of the Defendants.

5. It is stated that the Defendants television programme "Summer Showdown" also follows citizens from different parts of the country as they take the initiative and set out to solve a civic problem of their choice in their locality. It is further stated in Para 15 of the *Plaint* that the videos suggest that the television programme "Summer Showdown" follows the chosen protagonists through the quagmire of bureaucracy and conflicting interests and destructive attitudes as they try to solve a civic problem of their choice. It is further stated that the videos suggest that the television programme "Summer Showdown" also highlights the fight of the protagonists on many fronts. In Para 16 of the *Plaint*, it is then stated that on comparison of the Plaintiffs developed concept note of the television programme "*Work in Progress*" with the Defendants television programme "Summer Showdown", clearly indicates that the Defendants have copied the television programme of the Plaintiff in all material aspects. It is also asserted that the changes made by the Defendants such as having five families as protagonists instead of four individual protagonists, is a cosmetic change. Further, the basic idea and the format of the Plaintiffs television programme have been slavishly and flagrantly copied and/or reproduced by the Defendants. The Plaintiff asserts that this has been done with dishonest and fraudulent intention and that the Plaintiff had not granted any licence to the Defendants to make any television programme using her concept note. This clearly amounts to infringement of copyright of the Plaintiff in the literary work being the concept note of the television programme *Work in Progress* within the meaning of Section 51 of the Act.

6. The Plaintiff then asserts that in spite of the exclusive right of the Plaintiff in her literary work being the concept note (original and developed) and production plan of the television programme "*Work in Progress*", which was disclosed in confidence to the Defendants, who thereupon used it to develop it for their own commercial exploitation, de hors the Plaintiff, being the originator of the concept. It is stated that when the Plaintiff had submitted her concept note of the production plan to the Defendants, it was done with specific understanding that the Defendants would either accept or reject it. Instead, the Defendants by using the information imparted to them in strict confidence by the

Plaintiff, breached the confidence reposed by her in them, by misappropriating the concept of the Plaintiffs television programme and by announcing the launch of the television programme on similar lines, which has resulted in inflicting huge loss and damage to the Plaintiffs television programme by luring away the potential sponsors. In substance, the Plaintiff asserts that the concept notes and the production plan of the television programme "Work in Progress" was information of the type that could be treated as confidential and could not have been used by the Defendants without the Plaintiffs licence.

Breach of Confidence

7. Having considered the rival submissions and the pleadings and documents on record, I shall consider the points in issue in the context of the rival submissions and pleadings hereinafter. The principles relating to the action of breach of confidence have been subject matter of catena of decisions. The Division Bench of our High Court in the case of *Zee Telefilms Ltd. and Anr. v. Sundial Communication Pvt. Ltd. and Ors.*, 2003(27) PTC 457 (Bom) (DB) on analysing the decisions on the subject has expounded that the law of breach of confidence is different from law of copyright. The law of breach of confidence is of breach of trust or confidence-"is a broader right" than proprietary right of copyright. In para 10 of this decision, the Court went on to observe as follows:

10. The law of confidence is different from law of copyright. In paragraph 21.2 (page 721), the learned author has pointed out that right to restrain publication of work upon the grounds, that to do so would be breach of trust or confidence, is a broader right than proprietary right of copyright. There can be no copyright of ideas or information and it is not infringement of copyright to adopt or appropriate ideas of another or to publish information received from another, provided there is no substantial copying of the form in which those ideas have, or that information has, been previously embodied. But if the ideas or information have been acquired by a person under such circumstances that it would be a breach of good faith to publish them and he has no just case or excuses for doing so, the Court may grant injunction against him. The distinction between the copyright and confidence may be of considerable importance with regard to unpublished manuscripts/works submitted, and not accepted, for publication or use. Whereas copyright protects material that has been reduced to permanent form, the general law of confidence may protect either written or oral confidential communication. Copyright is good against the world generally while confidence operates against those who receive information or ideas in confidence. Copyright has a fixed statutory time limit which does not apply to confidential information, though in practice application of confidence usually ceases when the information or ideas becomes public knowledge. Further the obligation of confidence rests not only on the original recipient, but also on any person who received the information with knowledge acquired at the time or subsequently that it was originally given in confidence.

8. The principles on which the action of breach of confidence can succeed, have been culled out as

- (i) he (Plaintiff) had to identify clearly what was the information he was relying on;
- (ii) he (Plaintiff) had to show that it was handed over in the circumstances of confidence;
- (iii) he (Plaintiff) had to show that it was information of the type which could be treated as confidential; and

(iv) he (Plaintiff) had to show that it was used without licence or there was threat to use it. The Division Bench in Para 13 of the same decision has culled out the above said principles relying on the decision in the case of *CMI Centers for Medical Innovation GMBH and Anr. v. Phytopharm PLC* reported in 1999 Fleet Street Reports 235. It is further noted that at interlocutory stage, the Plaintiff does not have to prove (iii) and (iv) referred to above, as he will at the trial. But the Plaintiff must address them and show that he has at least seriously arguable case in relation to each of them.

9. There can be no doubt that the Plaintiff in this case would be entitled for grant of ad-interim relief, if the Plaintiff were to make good the abovesaid requirements in relation to the action of breach of confidence. As is mentioned earlier, the cause set out in the Plaint is founded on two grounds. Firstly, on the breach of confidentiality and secondly, on infringement of copyright of the Plaintiff. The distinction between the two actions has been expounded by the Division Bench of this Court in Para 10 in the case of *Zee Telefilms (supra)* reproduced above. To put it differently, even if the Plaintiff were to make out arguable case in relation to the claim of breach of confidentiality, she may succeed in getting the interim relief. For that, we will have to bear in mind four principles referred to earlier. As observed by the Division Bench, at the interlocutory stage, the Plaintiff will not be required to prove (iii) and (iv) as she will at the trial. But it will be sufficient if she is able to address them and show that at least seriously arguable case in relation to each of them exist. Indubitably, this principle will have to be borne in mind more so for considering the prayer for grant of "ad-interim relief" during the pendency of the Motion for interim relief.

10. The first aspect is to ascertain whether the Plaintiff has identified clearly what was the information she was relying on. Going by the averments in the Plaint, there can be no doubt as to the nature of information in relation to which breach of confidentiality is alleged. The Plaintiff has made it clear more than once that she was alleging breach of confidentiality in relation to "her concept" and the "concept note" regarding programme titled "Work in Progress", which was originally conceived and articulated by her in the initial concept note and also the further developed concept notes and the production plan thereof. Indeed, the issue of civic woes may be in public domain, but the concept developed by the Plaintiff for a reality show on the subject of the programme "Work in Progress" is a novel one. Besides, going by the averments in the Plaint and the contemporaneous record, there is no doubt that the Plaintiff passed on information regarding "her concept" and the format of the programme in "concept notes" to the Defendants in confidence. The case made out in the Plaint in this behalf is substantiated by contemporaneous record such as the communication exchanged in this behalf between the parties. The Plaintiff was interacting with the Defendants with clear assumption that they would either accept or reject the proposed programme or work of the Plaintiff titled "Work in Progress". In no case, the Defendants would use the said information themselves or allow the same to be used without the licence of the Plaintiff.

11. The next question is: whether the Plaintiff has shown that the subject information was of such type which could be treated as confidential? Even on this issue, there should be no difficulty in accepting the claim of the Plaintiff. Indeed, the Defendants would contend that no confidentiality can be claimed in relation to matters in public domain. For, the issue of civic woes was in public domain and no confidentiality can be claimed in respect of the idea to solve the same. Moreover, the breach of confidentiality can be invoked only if it is a case of use of a script, characterisation, sequences, dialogues. The argument though attractive, clearly overlooks the principle expounded by the Division

Bench of our High Court in the case of *Zee Telefilms* (supra). In the first place, the Plaintiff is not claiming confidentiality in relation to the issue of civic woes as such, but the claim in confidentiality is in relation to "her concept -of the programme" and the manner of spreading awareness of the civic problems. The Plaintiff is claiming confidentiality also in relation to her "concept notes and production plan" pertaining to programme "Work in Progress". For the purpose of action in breach of confidentiality, it is well established position that a party can claim confidentiality even in relation to a "concept or idea", unlike in a claim or action in infringement of copyright - if the Plaintiff were to satisfy the specified parameters to succeed in such action. In Para 16 of the decision, the Division Bench went on to advert to the exposition in the case of *Fraser v. Thames Television Ltd.* reported in 1983(2) All.E.R.

101. In that case, breach of confidence was claimed in relation to an idea of a television series and which idea was "disclosed orally" and in confidence to the Defendants. The Defendants used that idea to create television series with other actresses. The Court held that the Court would prevent person who had received idea expressed "in oral" or written form from disclosing it for an unlimited period or until that idea becomes general public knowledge. In the present case, the grievance of the Plaintiff is not confined to exploitation of her concept or idea of staging a television reality show to highlight the woes of a common man in respect of civic problem, but also in relation to the format, the treatment, the problems and the production plan articulated by the Plaintiff in the original concept note and further developed concept notes and production plan for the programme "Work in Progress". All these matters were undoubtedly of the type which ought to be treated as confidential. The fact that such information was received by the Defendants is not in dispute. It is also evident that the Plaintiff has not given licence to the Defendants to use the said information in any manner. It is also not possible to assume or infer that the said concept and the production plan of programme "Work in Progress" had become a general public knowledge. Even in a case where there is threat to use such information passed on in confidence, the Plaintiff would be entitled for protection. The Plaintiff would surely be entitled to protection even where the same (information) in fact has been used wholly or in part, with a threat of continued user thereof but also in case of threat to use it in posterity by the person to whom such information is given.

12. Incidentally, it is not the case of the Defendants that the information made available to them by the Plaintiff was not handed over in the circumstances of confidence as such. No such plea can be countenanced in the fact situation of the present case. The argument of the Defendants that the Plaintiff cannot succeed unless they were to assert and prove that the concept note was handed over by the Plaintiff to Defendant No.1 with any express or implied term for the confidentiality of the Agreement. This argument will have to be stated to be rejected in the fact situation of the present case. In my opinion, from the materials on record, the Plaintiff has succeeded in making good all the four criteria for considering grant of ad-interim relief in relation to the action of breach of confidentiality. The Plaintiff has also relied on another decision which has bearing on the issue relating to action of breach of confidentiality. That decision is, in the case of *Anil Gupta and Anr. v. Kunal Das Gupta & Ors.* of the Delhi High Court reported in 2002 (97) Delhi Law Times 257. In fact, Paragraphs 27 and 29 of this decision have been extracted with approval in the Judgment of *Zee Telefilms* (supra) of the Division Bench of our High Court with approval. In *Anil Gupta* case (supra), the Court has adverted to

the decision in *Talbot v. General Television Corporation Pvt. Ltd.* reported in 1981 R.P.C.1, and then went on to observe that the Law of Trade Secrets by Robert Dean take into consideration that the word novel is sometimes used simply to mean previously unknown but its more common meaning is that of inventiveness, or that of the information is unique, akin to "manner of manufacture". It has further observed that whether it is described as originality or novelty or ingenuity or otherwise, there must be some product of the human brain which suffices to confer a confidential nature upon the information. The Court then referred to the exposition in the case of *Fraser v. Thames Television* (supra), which reads thus:

Clearly a claim that the disclosure of some information would be a breach of confidence is not to be defeated simply by proving that there are other people in the world who know the facts in question besides the man as to whom it is said that his disclosure would be a breach of confidence and those to whom he has disclosed them.

The Court then extracted the dictum in the case of *Terrapin v. Builder Supply Company*, which postulates that the essence of law on breach of confidentiality is that whatever the origin of it may be, is that a person who has obtained information in confidence is not allowed to use it as a spring-board for activities detrimental to the person who made the confidential communication, and spring-board it remains even when all the features have been published or can be ascertained by actual inspection by any member of the public. The Court also went on to observe in Para 39 that if such confidential information is going to be used in competition with the Plaintiff, it is not merely a matter of compensation in terms of money. It is useful to reproduce Para 27 of the decision which reads thus:

27. In the modern day, when the small screen has taken over the earlier means of mass communication like radio, idea/concept/script of a broadcaster has wider potentiality of capitalising revenue and if that idea/concept or script is not protected then in a given case, a person who has conceived an idea to be translated into the reality TV show which could be key to its success with audience then channels with their enormous resources could always be in a better position to take the idea/theme/concept from any author and then develop at their own end and the original author of the concept will be left high and dry. In appropriate cases interlocutory injunction may be issued restraining such breach of confidentiality of the theme, concept or scripts otherwise it would be catastrophic for the television industry. One has to bear in mind that persons who create an idea/concept or theme which is original, laws must ensure that such like people are rewarded for their labour. A concept for reality show on television was given to the company, which in this case is the defendants. Creator provides raw material to the entertainment industry, themes or concepts originates from the person who has conceived the same, protection is vital for the functioning of the industry. Otherwise authors of the ideas who are individuals, their ideas can be taken by the broadcasting companies or channels owning companies and the persons who has conceived the same, would be robbed of its labour....

Copyright Infringement

14. That takes me to the second ground on which the Plaintiff is claiming order of injunction against the Defendants. It is the case of the Plaintiff that the Defendants by their act of commission and omission have infringed the copyright of the Plaintiff relating to her television programme "Work in Progress". Going by the pleadings, it is not possible to accept the argument of the Defendants that

the Plaintiff was claiming infringement of copyright in relation to the abstract concept or idea of the programme as such. However, on fair reading of the Plaint as a whole, it is seen that the grievance of the Plaintiff is of infringement of copyright in relation to the original concept note articulated by her and the further developed concept note and the production plan of the stated programme. Those were the literary work of the Plaintiff in relation to the television programme "Work in Progress". It is seen that the concept of Plaintiff in relation to television programme titled "Work in Progress" has been registered with the Film Writers Association, Mumbai as back as on 9th November 2005. The Plaintiff made over said concept note to the Defendants. In fact, it cannot be disputed that the Plaintiff made over further developed concept note of the said programme and the production plan detailing the format, the treatment, the problems, etc. to the Defendants in or about March-April 2006. In such a situation, the question that will arise for consideration is: whether the Defendants have copied or reproduced the said work in any material form to make any film in respect of that work (Plaintiff's work) or have done adaptation thereof? The concept notes as well as the further developed concept note and the production plan, it cannot be disputed, can be described as literary work of the Plaintiff in relation to which there was existing copyright in her favour. Reproduction or adaptation of that work in any material form or any substantial part thereof by the Defendants would clearly attract the action of infringement of copyright. For considering such claim, it is well established that the Court will not enter into hypercritical and meticulous scrutiny but go by the broad observations and impressions of an average viewer. The Court will have to ascertain whether there has been reproduction, copy or adaptation of the work of the Plaintiff or any substantial part thereof. For that, the striking similarities in the two works will have to be examined. According to the Defendants, the programme aired by the Defendants titled as "Summer Showdown" is in no way comparable to the work of the Plaintiff. There are marked dissimilarities in both the works. Those dissimilarities articulated in the reply affidavit filed before this Court reads thus:

S.No.

Summer Showdown:

Work in progress:

1 Families facing essentially summer related problems are featured.

The concept note visualizes individuals having faced a civic problem and taking initiative to resolve it.

2. The families do not necessarily have a solution to their problem.

The individuals should already have a proposed solution.

3. The selection of the families was done on the basis of already existing contacts of reporters and through research. The families need not meet any criteria, except for facing a civic problem. The families were put through a simple screening test before being selected.

The selection of individuals is on the basis of whether the individual has sufficient initiative to resolve a civil issue and whether he already has a reasonable plan for resolving the issue.

4. The civic problem is required to be brought to the attention of the concerned civic authority.

The individual need not necessarily approach the civic authority for resolution of his problems. He or she may resolve the problem by approaching local resident's welfare association, industrial house, etc.

5. The civic authority's responsiveness plays a crucial role in this show and is continuously being monitored.

The civic authority is presumed to be an antagonist to the initiative of the individual. The individual's actions and reactions to various antagonistic agents is crucial to the show.

6. Reaction of civic authority has not been dramatized in its series. We are doing it in reality and will see the reaction of the authority. Not presume them as antagonistic and find its own solution, like 'Work in Progress' will do. So, the claim of alleged literary work of the Plaintiff being copied has not been made out.

The text of the Plaintiff's concept note very clearly lays down the script of what will happen in an ANTAGONIST -PROTAGONIST fashion. This already predicts, in writing, the reaction of the civic authority and people with conflicting interests as being antagonistic.

7. Aired 5 days in a week. 2-3 minutes story on one family from one city on one day of the week. Conceived to be aired once a week - 60 minutes episode (Week that was)

8. Each day assigned to a different city.

Each episode features the four individuals

9. Macro level problems of the kind that plague the entire city. Addressing broader infrastructural issues. One family facing a civic problem and approaching the concerned civic authority for resolution of the problem. Thus, the solution is likely to affect the city at that macro level. Perhaps even at the level of the whole city. EG: power, flooding, sound pollution, etc.

Micro-level problems and tackle them not only with authorities but also with other citizens, local associations, etc. EG: not having a zebra-crossing at the main-road, stray dogs. So, the specific solution being proposed is at the level of that locality for that particular problem.

10. No screening of participants for intention/sincerity.

Screening of participants for intention/sincerity.

11. The 'Summer Showdown' show just brings to light a real incident with minimum interference by the channel. CNN-IBN is trying to show how easy or hard it is in this day and age to get your problem resolved through a civic body. No coverage of the families' emotions, no interviews of their friends and family members to find out what they are going through.

The concept note visualizes a show being high on building drama and tension, continuously assessing the trials and tribulations of the individual as well as the antagonistic agents.

12. If unsuccessful, the concerned civic authority' head is proposed to be brought to task. No chance to keep working at it and come back later on the show.

Even if unsuccessful, no concept of having lost. Each individual is to be appreciated on the basis of the efforts made. There is no spirit of competition, and no comparison, conscious or unconscious, proposed to be made between the participants. It is a collective loss or a collective victory.

15. On the other hand, the Plaintiff has asserted in the Plaint to which reference has already been made in the earlier part of this Order that the Defendants television programme "Summer Showdown" also follows citizens from different parts of the country as they take the initiative and set out to solve the civic problems of their choice in their locality. Besides, the programme of the Defendants even follows the chosen protagonists through the quagmire of bureaucracy and conflicting interests and

destructive attitudes as they try to solve civic problem of their choice. Similarly, the programme of the Defendants also highlights fight of the protagonists on many fronts. According to the Plaintiff, on comparison of the developed concept note of the television programme "Work in Progress" with the Defendants television programme "Summer Showdown", it definitely shows that Defendants have copied the programme of the Plaintiff in all material aspects. The changes brought about in the programme of the Defendants are only cosmetic ones. The Plaintiff asserts that the television programme of the Defendants has slavishly and flagrantly copied and/or reproduced the Plaintiffs work without licence of the Plaintiff and that conduct of the Defendants was clearly dishonest and fraudulent. In the Exhibit appended to the rejoinder affidavit filed before this Court, the Plaintiff has articulated the striking similarities in the two works in following terms:

S.No.

Work in Progress:

Summer Showdown:

1. The program is not news.

The program is not news.

2. It is a pre-recorded program where there may be off the screen interference. The show is therefore not live either.

It is a pre-recorded program where there may be off the screen interference. The show is therefore not live either.

3. Participants are screened as set out in the concept note.

Participants are screened (However, the details of such screening are deliberately not disclosed by the defendants)

4. Concept: A reality show in which across the country in four cities one individual each try to solve a civic problem of their choice. This effort is captured on camera. A reality show. The emphasis on participating in the civic process.

Concept: CNN IBN showcases in a reality show five families (instead of four individuals) across five cities who have resolved to solve a civic problem of their choice.

5. The individuals interact with civic authorities

The families interact with civic authorities as well

whilst finding a solution for the civic problem chosen by them. The civic authorities are described as antagonists since they are on the other side required to address the problems.

whilst finding a solution for the civic problem chosen by them.

6. Suggested Problems to be dealt with: Roads, drainage, water, health, protection of monuments, education, animal protection. Sample episodes for the purposes of understanding also set out in the concept note.

Problems being dealt with: Though the program states that the problems being dealt with are related to the summer, surprisingly the problems dealt with are water (Bangalore), drainage/flooding (Bombay), traffic/roads (Kolkata) health and garbage (Chennai)

7. Episode 1: Introduction of protagonists and the civic problem they decide to try and solve. This episode highlights the reasons (emotional, personal) for choosing that particular civic

problem and introduces the family members Page 0996 as well as friends. The episode urges viewers to watch the following episode to see what happens next.

Episode 1: Introduction of the protagonists and the family. The reasons behind taking up the issue. The episode urges viewers to watch the following episode to see what happens next.

8. The duration of this effort is 30 days i.e. about four weeks.

The duration is four weeks i.e. 28 to 30 days.

9. Episode 2: Shows what the protagonist's journey is going to be. Details of the forces against solving of the issue and actions taken are shown.

Episode 2 : Protagonists begins his effort. His actions.

10. The ticking clock is uses as a motif to show that the time is running out

The ticking clock is used to show that the time is running out.

11. Identification of the week and day for the viewer to capture the sense of time.

Day and week label appear on screen.

12. The concept of using daily 2/3 mins segment. These daily capsules were to deal with individual protagonist's course of action on a daily basis. Mentioned in all written concept notes as well as the visual presentation and correspondence.

The show is a daily 2/3 minutes capsule.

13. Anchor based show at the end of the week for 60 mins .

An anchor introduces each episode after giving a recap and ends the show after the clipping of what the family has done. Program though is just the daily capsule aforementioned with a proposed end of the month live show with all the families and civic authorities.

14. Discussed the possibility of changing the number of protagonists as well as the program duration to make it financially viable until the concept picks up.

Used part of the format. Only daily capsules and not the weekly show.

15. No spy/hidden cameras are used and wherever the camera cannot be taken into a civic authority office (for example) the cameraman waits outside.

No spy/hidden cameras are used and wherever the camera cannot be taken into a civic authority office (for example) the cameraman waits outside.

16. Voice overs are used for commenting on the proceedings of the day.

Voice overs are used for commenting on the proceedings of the day.

17. The assistance of an NGO though not mandatory was possible to be sought.

For e.g.: The assistance of an NGO was proposed in Chennai. (As set out in the First Affidavit on page 105)

18. At the end of four weeks a final show featuring all participants.

At the end of four weeks a final show featuring all participants.

19. Broadcasting platforms suggested: Web (which includes Broadband), Blogs, Newspaper, Radio.

Broadcasting platforms: Broadband, blogs.

16. Suffice it to observe that in the present case in relation to the ground under consideration, the grievance is not one of infringement of mere idea or an abstract thought. On the other hand, the

Plaintiff asserts that she had developed or expressed her idea into various concept notes, including production plan which are appended to the *Plaint*. In other words, the grievance of the Plaintiff was one of infringement of such literary work of the Plaintiff by the Defendants in respect of the programme titled "Work in Progress". Here, it may be useful to advert to the exposition in Copinger and Skone James on Copyright, 14th edition. In Para 2-05, it is observed as follows:

No copyright in ideas. Copyright is a property right, but copyright law is concerned, in essence, with the negative right of preventing the copying of material. It is not concerned with the reproduction of ideas, but with the reproduction of the form in which ideas are expressed. "Ideas, it has always been admitted, are free as air." Copyright is not a monopoly, unlike patents and registered designs, which are. Thus, if it can be shown that two precisely similar works were in fact produced wholly independently of one another, there can be no infringement of copyright by one of the other. The position is that, if the idea embodied in the plaintiff's work is sufficiently general, the mere taking of that idea will not infringe. If, however, the idea is worked out in some detail in the plaintiff's work and the defendant reproduces the expression of that idea, then there may be an infringement. In such a case, it is not the idea which has been copied but its detailed expression.

17. Reliance is also placed by the Defendants on the exposition in Paragraphs 3-10 of the same book, which read thus:

Protection afforded by copyright in a literary work. It is often stated that there is no copyright in ideas. There are two aspects to this statement, the first of which has been discussed above, namely that it is not the concern of copyright enactments to protect ideas unless and until the ideas have found expression in the form of a work of a category recognised as deserving of protection. The second aspect is the corollary of the first, that once the ideas have been expressed in the form of a work, it is the form of expression which is the subject of protection, not the ideas, which themselves may be freely extracted from the work and absorbed and used by others to produce their own works, so long as the form of expression of the work is not also taken. In this respect, however, it is to be noted that the form of expression of a literary work does not mean only the text in which that work is written; it may include the selection and arrangement in a particular order of incidents, whether factual or fictional.

The same considerations apply to literary works whose principal purpose is to communicate news, and indeed it is often stated that there is no copyright in news. This is perhaps not an accurate way of applying the general principle referred to above. The fact that the content of a literary work is news does not prevent that work from being capable of protection by copyright. But again, what is protected is the form of expression of that content. The information itself, as information stripped of its particular form of expression, may be freely used, as with any other literary work.

18. In the first place, the two works are not news items but reality shows. Moreover, in the present case, the Plaintiff is questioning the action of the Defendants of reproduction of the "format" in which the ideas were expressed by the Plaintiff in her concept notes articulated from time to time and the production plan in relation to programme titled "Work in Progress". It is not the case of the Plaintiff that mere idea of the Plaintiff has been infringed, but it is the specific case of the Plaintiff that her idea had found expression in the form of detailed concept notes and the production plan relating to the programme "Work in Progress". That has been substantially reproduced by the Defendants in material

form in several aspects which results in infringement of her copyright in that programme. It will be useful to straightaway advert to the leading decision of the Apex Court in the case of ***R.G. Anand v. Delux Films and Ors.*** . In Paragraph 46 of this decision, after considering the gamut of the case law on the subject, the Apex Court elucidated the propositions emerging from different authorities.

19. Thus understood, to answer the claim of the Plaintiff for grant of ad-interim relief, it will have to be ascertained whether the work of the Defendants is similar in material and substantial aspects with that of the Plaintiff. While examining this, as noted by the Division Bench of our High Court in *Zee Telefilms* (supra), it will have to be borne in mind that "it is enough that substantial parts were lifted; no play right can excuse wrong for showing how much of his work he did not pirate". This quotation is extracted from the case of *Sheldon v. Metro Goldwyn Pictures Corporation* reported in 1993 (81) F 2nd 49. The standard to be applied, therefore, is not to compare the two works with hypercritical and meticulous scrutiny but from the stand point of the observations and impressions of an average viewer. As presently advised, there are striking similarities in the work of the Plaintiff as that of the work of the Defendants. The programme is not news, it is a reality show (programme). That is the stand now taken by the Defendants on affidavit.

20. It is a different matter that when the Notice of Motion was moved before the Vacation Judge of this Court on 23rd May 2007, representation was made on behalf of the Defendants through their Counsel that the Defendants were displaying a three minute "news clipping" which can neither be termed as reality show nor the same is based upon the concept note of the Plaintiff. The Defendants informed this Court that, in fact, their programme was a live programme. Indeed, a praecipe was moved on behalf of the Defendants immediately on 24th May 2007, calling upon the same Vacation Judge to clarify the statement of the Counsel of the Defendants recorded in the order dated 23rd May 2007. The Defendants wanted it to be clarified that the Defendants had submitted that their programme was not a reality show based upon the concept of the Plaintiffs claim in the Suit, inasmuch as the term reality show is a very wide generic term. With regard to the other statement of the Defendants recorded in the same order (dated 23rd May 2007) that, in fact the programme telecast by the Defendants was a live programme; the Defendants wanted even that statement to be changed to be read as their programme was in fact an earlier recording of events. This praecipe was considered by the same Vacation Judge on 24th May 2007 and the Court has noted that there was no ambiguity or any clerical error in its earlier order which required to be corrected. The request of the Defendants of speaking to the minutes of the earlier order was expressly rejected by observing that there was no merit in the application. It follows that, an incorrect statement was made on behalf of the Defendants before the Court in relation to the material facts, on 23rd May 2007. Nevertheless, the Court went on to observe that the earlier order was without prejudice to the rights and contentions of both the parties. In this backdrop, grievance was rightly made on behalf of the Plaintiff that because of such incorrect statement of fact made on behalf of the Defendants, the Court did not grant any ad-interim relief on 23rd May 2007 itself. That was the negative injunction secured by the Defendants from the Court by misrepresentation of material facts. According to the Plaintiff, although the Defendants programme "Summer Showdown" was aired on and from 14th May 2007, Plaintiff became aware about the infringement and breach on 19th May 2007, and immediately rushed to file the present suit which, in turn, was prepared on 21st May 2007 after collecting the basic documents, which became available to the Plaintiff and it was moved for ad-interim relief on 23rd May 2007. It is not necessary for me to

elaborate on this matter any further for the present. Suffice it to observe that the programme which is being telecast by the Defendants is not a news item but a reality show, which is strikingly comparable with the work of the Plaintiff.

21. Indeed, the Defendants have stated that the programme "Summer Showdown" was conceived in-house around March-April 2007 as a reality show comprising families in metros dealing with problems related to Summer, but was later on modified to a certain extent. The Defendants may be given benefit of having conceived an in-house programme "Summer Showdown" around March-April 2007 as a reality show comprising families in metros dealing with "problems related to Summer". However, if they intended to modify that programme, the modification ought to be in the context of the original theme of problems during Summer. Whereas, the form and contents of programme "Summer Showdown" which has been relayed by the Defendants, as is rightly pointed out by the Plaintiff, is the same as the programme of the Plaintiff "Work in Progress"; namely, a reality show in which across the country in four cities, one individual each try to solve a civic problem of his/her choice. The emphasis of the reality show was on participating in civic process. Whereas, the modified programme "Summer Showdown" showcases a reality show in which five families (instead of four individuals) across five cities, who have resolved to solve a civic problem of their choice. There is only a cosmetic change brought about. For, instead of individuals in four cities, it is five families across five cities. The Plaintiffs work focussed on problems such as roads, drainage, water, health, protection of monuments, education, animal protection, etc. The Defendants programme though titled as "Summer Showdown", also relates to the civic problems such as water, drainage/flooding, traffic/roads, health and garbage. The striking similarities in the two works have been elaborated by the Plaintiff in the rejoinder affidavit to which reference has already been made in the earlier part of this Order. What is noticed is that substantial part of the work of the Plaintiff has been lifted in the programme of the Defendants titled "Summer Showdown". The argument of the Defendants of the dissimilarities pointed out by them, to borrow the words of the learned Judge Hand in his Judgment in the case of Sheldon (*supra*), is only an excuse for showing how much of Plaintiffs work Defendants did not pirate. Although the first point noted by the Defendants is that the families facing essentially summer related problems are shown in their programme. However, from the material available on record, it is seen that the main theme of the Plaintiff in her work relating to programme "Work in Progress" has been substantially lifted and borrowed. The matters such as difference in selection process, the families or for that matter of period of airing the programme during the week or a given date, or screening of participants or that it is not anchor-based and the like highlighted by the Defendants are of no avail. Those changes are only cosmetic ones.

22. To get over this position, it was argued on behalf of the Defendants that in fact, the assertion in the Plaint do not spell out material facts to maintain action of infringement of copyright against Defendants. In any case, there is no cause of action to proceed against the Defendants. This technical argument will have to be stated to be rejected. I have already observed in the earlier part of this Order that the Plaintiff has spelt out the relevant facts which, result in infringement of copyright. The Plaint will have to be read as a whole. In any case, the Plaintiff has brought on record in Paragraphs 15 and 16 how the Defendants have fraudulently copied the work of the Plaintiff. Assuming that the specific case regarding similarities of the two works has not been spelt out by the Plaintiff in the Plaint, the Defendants have no manner of doubt about the case made out by the Plaintiff against them.

Obviously, therefore, in the reply affidavit filed to oppose the Motion, the Defendants have meticulously dealt with several aspects on the merits of the work and highlighted the dissimilarities in the two works. The Plaintiff on the other hand in the rejoinder has re-iterated the position stated in the Complaint and has also elaborated on how and in what manner the Defendants have indulged in reproduction and adaptation of the Plaintiff's programme "Work in Progress". The similarities pointed out by the Plaintiff are more striking. The dissimilarities pointed out by the Defendants are trivial and insignificant to answer the point in issue. It is apparent that the theme in the Plaintiff's work in material form and substantial part thereof has been lifted and reproduced and adapted in the work of the Defendants. Suffice it to observe that the impression after going through both the works, viewed in the perception of an average viewer, is that, the Defendants' work is based or taken from the original work of the Plaintiff though titled as "Summer Showdown".

23. Counsel for the Defendants would rely upon the decision of our High Court in the case of ***Star India Pvt. Ltd. v. Leo Burnett (India) Pvt. Ltd. reported in 2003 (27) PTC 81 (Bom.)***. The exposition in this decision is in the context of the script of two films which were different. No portion of the dialogues or scenes were common. Suffice it to observe that the Court was considering the claim of copyright in relation to the film/sound recordings and not of literary, dramatic or artistic work. In that case, the learned Judge was conscious of this position and has thus observed at Page 94 that "....A narrow copyright protection is accorded to a film/sound recording than for literary, dramatic or artistic work. The reason perhaps could be that they have to be original to satisfy the test of copyrightability, whereas the requirement of originality is absent for claiming copyright in cinematograph films/sound recordings". In the present case, however, the grievance is that the concept note, further developed concept note and the production plan which spell out the format, the treatment, the problems, etc., articulated by the Plaintiff which was her original literary work in relation to programme "Work in Progress", have been lifted and substantial part thereof has been reproduced and adapted by the Defendants in their programme titled "Summer Showdown".

25. The argument of the Defendants that there can be no copyright in the theme of citizen activism towards civic problems and the said theme cannot be considered to be original or entitled to copyright protection in favour of the Plaintiff exclusively, would have been valid only if this Court were to find that treatment, format, structure, expression and presentation of the programme "Summer Showdown" was materially dissimilar and do not resemble to the literary work of the Plaintiff. However, on the finding recorded earlier, this argument will not take the matter any further for the Defendants. Similarly, the argument of the Defendants that they were already running a show titled "Citizen Journalist" since December 2005. The said show covered stories where citizens have raised their concern and voice for bringing about positive change through their efforts, such as through making an application under the Right to Information Act or by making a film or by gathering support from his neighbourhood towards addressing a common cause. Even this claim of the Defendants will be of no avail on the finding recorded that the programme titled "Summer Showdown" has striking similarities with the literary work of the Plaintiff in relation to programme "Work in Progress".

26. There is substance in the argument of the Plaintiff that the plea taken by the Defendants in the reply affidavit is, to say the least, afterthought and to create gloss so as to mislead the Court. There is substance in the argument of the Plaintiff that at no stage Rasika Tyagi had conveyed to the Plaintiff that the Defendants were already broadcasting similar show in the name of Citizen Journalist. There is

no contemporaneous record to support this position. On the other hand, the response of Rasika Tyagi to the Plaintiff belies this position. Rasika Tyagi in her communication showed interest in the concept of the programme of the Plaintiff. There is also substance in the argument of the Plaintiff that nothing prevented the Defendants to file affidavit of Rasika Tyagi or for that matter, of Rajdeep Sardesai to dispute the factual matrix indicating their involvement during negotiations as stated by the Plaintiff before this Court. It is not the case of the Defendants that their abovesaid two representatives were not available for affidavit. In such a case, adverse inference should be drawn against the Defendants. In Paragraph (b)(v) of the reply affidavit, it is asserted that Rasika Tyagi had communicated to the Plaintiff that her proposal is rejected. There is nothing to support this position. This claim of the Defendants, to say the least, is afterthought. In fact, the claim of the Defendants is belied by the subsequent conduct of the Defendants representative Rajdeep Sardesai who entertained the request of considering the Plaintiffs proposal which was much latter in point of time. Rajdeep Sardesai is the editor-in-chief of the Defendants. If the Defendant had already rejected the proposal of the Plaintiff, there was no reason for the Defendants representative to entertain the proposal of the Plaintiff. In Paragraph b(ix) of the reply affidavit, it is asserted that Rajdeep Sardesai was not aware of Ramachandran Srinivasan's connection with the Plaintiff. In the first place, affidavit of Rajdeep Sardesai is not filed. In any case, this plea is in utter disregard of the contents of the communication sent by Ramachandran Srinivasan to Rajdeep Sardesai which clearly mentions that the Plaintiff was his friend and had pursued proposal through Rasika Tyagi earlier. In fact, Rajdeep Sardesai entertained the more detailed concept note and the production programme titled "Work in Progress" as recently till February 2007. The claim of the Defendants that they have conceived in-house programme "Summer Showdown" around March-April 2007 as a reality show comprising families in metros dealing with problems related to summer, even if accepted, that does not take the matter any further. For, the Defendants have eventually come out with the programme which departs from the theme of the title "Summer Showdown" but is ascribable to the theme of the programme of the Plaintiff titled "Work in Progress". The Defendants have advisedly stated in Paragraph c(viii) of the reply affidavit that the original theme of the programme "Summer Showdown" was subsequently modified to certain extent based on the research of the reporters. This excuse does not take the matter any further for the Defendants.

30. In the circumstances, ad-interim relief in terms of prayer clauses (a) and (b) of the Notice of Motion as prayed for is granted which read thus:

That pending the hearing and final disposal of the suit... Plaintiff is entitled to an order and injunction of this Hon'ble Court restraining the Defendants ...any manner whatsoever a) infringing the copyright of the Plaintiffs in the original literary work being the concept note of the television programme Work in Progress, ..., without the Plaintiffs consent...b) breaching the confidential information imparted by the Plaintiff and contained in the concept note of the television programme Work in Progress ...

31. The above relief will operate till the disposal of the Notice of Motion....

* * * * *

John Wiley and Sons Inc. and Ors. v. Prabhat Chander Kumar Jain
2010 (44) PTC 675 (Del)

Manmohan Singh, J. - 1. By this order, under Order XXXIX Rule 1 and 2 read with Section 151 of the Code of Civil Procedure (CPC for brevity) seeking temporary injunction restraining the defendants from infringing the copyrights in the books as stated in the plaint and application filed under Order XXXIX Rule 4 CPC by Defendants No. 1 and 3 seeking the vacation and modification of order dated 17.09.2008 passed by this Court.

3. The plaintiffs (collectively) claim to be pioneers in their respective fields of publishing academic, scientific and other educational books which are circulated worldwide. The plaintiffs claim to have a repertoire of the books which are published by them and are available globally at the prices settled by the plaintiffs.

4. It is averred in the plaint that the Indian market is quite significant for all the plaintiffs' publishers and keeping in mind the requirement of the business, demand of the books and the economic viability of the purchasers, the plaintiffs decided to expand their operations in India by introducing Low Price Editions of their books so that the same international level books which are otherwise quite costly may be made available to Indian and other Asian students in a cost effective manner at the rates befitting the Asian markets.

5. In this spirit, the plaintiff No. 1 (John Wiley & Sons Inc., USA) authorized plaintiff No. 2 (Wiley India Pvt. Ltd.) to publish its works in Wiley Student Edition for distribution only in the territories of India, Bangladesh, Nepal, Pakistan, Sri Lanka, Indonesia, Myanmar, Philippines and Vietnam. The books which are published are subject to territorial restrictions imposed by the plaintiff No. 1 and should contain the following notice:

'Wiley Student Edition Restricted for Sale only in Bangladesh, Myanmar, India, Indonesia, Nepal, Pakistan, Philippines, Sri Lanka and Vietnam. The book for sale only in the country to which first consigned by Wiley India Pvt. Ltd and may not be re-exported....'

6. The plaintiff No. 1 contends that in this manner, being the owner of the rights, it has given exclusive license to plaintiff No. 2 to publish and print an English Language reprint edition only in the territories entailed in the agreement and not beyond that.

7. Likewise, the plaintiff No. 3 (Cengage Learning Inc., U.S.A.) has given an exclusive license to the plaintiff No. 4 (Cengage Learning India Pvt. Ltd.) for printing, publishing, and distributing the books of plaintiff No. 3 in the territories of India, Pakistan, Bangladesh, Nepal and Sri Lanka. The plaintiff No. 4 is required to imprint the following notice on the books of plaintiff No. 3:

'For Sale in India, Pakistan, Bangladesh, Nepal and Sri Lanka only. Circulation of this edition outside these countries is strictly prohibited'.

8. The plaintiff No. 5 (Pearson Education Inc., USA) maintains the same situation by contending that the plaintiff No. 6 (Dorling Kindersley India Pvt. Ltd.) is authorized to publish and distribute the works of plaintiff No. 5 in India and its neighbouring states by printing the following notice:

‘This edition is manufactured in India and is authorized for sale only in India, Bangladesh, Bhutan, Pakistan, Nepal, Sri Lanka and the Maldives. Circulation of this edition of this edition outside of these territories is unauthorized.’

Additionally, each book bears a yellow band at the top of the cover with the phrase "Low Price Edition" prominently appearing on the front and back covers with the abbreviation "LPE" on the spine of each book.

9. The plaintiffs contend that any attempt by anyone to sell, distribute or circulate the books outside the territories prescribed by the owners of the copyright shall cause infringement of the copyright. The said claim is averred in the plaint by stating that India is signatory to the Universal Copyright Convention and the Berne Convention and the rights of a copyright holder shall extend to the member countries by virtue of Section 40 of the Copyright Act.

10. It is further averred in the plaint that the said books are reprint editions which are first published in US and thereafter the reprints are affected by the licensees under the aforesaid arrangement by their respective licences in India for sale in designated territories.

11. The grievance of the plaintiffs begins with the rampant problem of the export of books which are reprint editions meant for the Indian and neighbouring territories to the Western Countries which not only causes copyright infringement but also leads to royalty losses of the plaintiffs who are the owners of the respective copyrights. The plaintiffs claim in the suit to have taken suitable action by way of complaints before the custom officials and court actions filed earlier before this Court.

12. The plaintiffs state that their attention was drawn to Defendant No. 3 Technischer Overseas Pvt. Ltd., a bookseller in Delhi trading under the website "www.alibris.com" was offering online sale and delivery worldwide of the Low-Price Editions of the plaintiff's publications. As per plaintiffs, the defendant No. 3 is owned and operated by defendant Nos.1 and 2 herein who are the Directors of defendant No. 3 having their address at P-18, Green Park Extension, New Delhi. The plaintiffs have also described their predicament insofar as the defendants are attracting customers by misrepresenting that the books put up by them for sale are identical to those of the plaintiffs. The said misrepresentation in the defendant's own words as stated in the plaint can be described as under:

It is an international edition in paperback. The contents are identical to the American Edition, word for word. The ISBN differs from the American Edition and the book is in black and white but the contents are completely same as the American Edition at a great price.

13. Other websites www.biblio.com and www.biblon.co.uk also find mention of the plaintiff's books by defendant No. 3 and the defendants target customers by describing the reprint editions

as "Brand New International Edition in soft cover and black and white. Content same as US Edition. Only ISBN differs from US Edition. Why pay more for the same book? "

14. The plaintiffs allege that these acts of the defendants of diverting the Low-Price Edition books which are meant for sale in India and its neighbouring states to the USA, UK and other countries for which the books are not meant amounts to infringement of the plaintiff's copyright in the said books. It is submitted that the placing of the said books in circulation, that too in the countries for which the books are not meant, without the permission of the plaintiffs, is a clear infringement of the copyright of the plaintiffs.

15. The plaintiffs have also substantiated their cause of action by stating that in the month of July 2008, the plaintiffs representative in New York had placed an order for the purchase of two books titled "Microwave Engineering 3/e" by David M. Pozar and "Fundamentals of Fluid Mechanics 5/e" by Bruce R. Munson, Donald F. Young and Theodore H Okiishi for the price of US\$ 16.60 and US\$ 17.30 respectively. The plaintiffs state that the US editions of the above books are priced at US\$ 149 and US\$ 172.95 respectively. The plaintiff's representative received the said order by way of an India Speed Post sealed package and it was found that the said books are Wiley Student Editions which are restricted for sale in Bangladesh, Myanmar, India, Indonesia, Nepal, Pakistan, Philippines, Sri Lanka and Vietnam. Thus, the plaintiffs state that there is no reason to doubt that it is defendant No. 3 managed by Defendant No. 1 and 2 which is carrying out such activities of infringement of the plaintiff's rights.

16. In August 2008, the plaintiffs again repeated the exercise by ordering 5 titles from the defendant's bookstore on the internet and recorded confirmation for multiple titles and receipt of US \$ 152.80. Details of these titles are as under: a. Calculus Early Transcendentals 5/e by James Stewart; b. Advanced Engineering Mathematics 8/e by Erwin Kreyszig; c. Fundamentals concepts of Bioinformatics by Dan E. Krane and Michael L. Raymer;d. Churchills Pocketbook of Surgery, ISE 3/e by Raftery; e. Basic Electrical Engineering 2/3 by V N Mittle and Arvind Mittal

17. The said books were received by the plaintiff's representative in USA and the same were also sent to the plaintiffs constituted attorney and the notarial certificate was also prepared certifying the contents of the parcel from the defendants. It is further submitted that the defendants are sending these posts by way of courier and speed posts by providing false and fictitious names and incomplete addresses of the sender which makes it clear that the defendants are conscious of their wrongful infringing acts.

18. Accordingly, the plaintiffs have filed this suit to restrain the defendants from infringing the copyright of the plaintiffs by exporting the books of the plaintiffs to the countries outside the territories prescribed on the publications of the plaintiffs. The plaintiffs have also filed an application seeking temporary injunction against the defendants which came up for hearing with the main suit on 17.09.2008 when this Court passed an *ex-parte* order to the following effect:

The plaintiffs have made out a prima facie case for the grant of *ex-parte* ad interim injunction. The Defendants and their agents and assigns and other sister concerns, till the disposal of this

application, are restrained from advertising, offering for sale/exporting any publications of the plaintiffs to the countries outside territories specified on the books published by the plaintiffs.

19. Pursuant to notice, the defendants have appeared and filed an application for vacation of ex-parte injunction and also the written statement in the matter.

20. The defendants have raised manifold defences in the written statement and counter arguments which can be stated as under:

i) The nature of activities carried out by them i.e. export of the books does not tantamount to infringement of copyright. As per the defendants, there is no infringement of copyright in the act of export of the books.

ii) There is no act or overt act on their part which is actionable within the meaning of the Copyright Act, 1957 as the books once purchased are legally purchased in India and they leave the territory of India once they are exported. Thus, the defendants contend that no act of infringement is done within the territory of India and thereby the provisions of the Copyright Act are not attracted.

iii) There is no case made out as regards parallel imports where goods are brought into the territory of India and if the same are found to be infringing, they can be said to be infringement of the rights of the right holder. In contradistinction to this, the case which the plaintiffs are building is of export of the articles from India in which case there cannot be any infringement so far as the export of books from India is concerned and at best, the same may be infringement of the rights of the plaintiffs in the country where the said books are imported.

iv) The plaint does not disclose any cause of action qua infringement and same is liable to be rejected under Order VII Rule 11 CPC as there is no case made out for infringement of copyright.

v) The defendants rely upon the rule of 'exhaustion of rights enshrined in the copyright regime whereby the rights of the copyright holder are lost once the first sale of the article is effected i.e. the owners control over the article and the rights therein are exhausted on the first sale and he/she cannot control every subsequent sale by enforcing rights over the same. The said doctrine of first sale, according to the defendants operates in USA and is legally accepted. Thus, USA is the place where the plaintiffs ought to have sued the defendants. As the plaintiffs are conscious that their rights can be defeated in the USA because of first sale doctrine, the plaintiffs have filed this suit in India where there is no act of infringement.

vi) The plaintiffs have no privity of contract with the defendants and thus the defendants are not bound by the conditions mentioned on the books. The enforcement of such conditions on the books is untenable.

vii) The injunctory relief sought by the plaintiffs against the defendants raises the trade barriers and is an unfair trade practice and an anti-competitive one.

viii) The suit for injunction filed by the plaintiffs is not maintainable in view of the provisions of the Specific Relief Act, 1963 as there is no right which entitles the plaintiffs to an injunction and no corresponding obligation upon the defendants thereon.

ix) The conduct of the plaintiffs is inequitable as the distributors of the plaintiffs themselves are exporting the books to various territories and are making illicit profits thereon. In these circumstances, the plaintiffs are debarred from attributing the said wrong to the defendants when they themselves are guilty of the same one.

22. Mr. Mukul Rohatgi, Learned Senior counsel appearing on behalf of the plaintiffs has made his submissions which can be crystallized in the following manner:

a) Mr. Rohatgi submitted that the acts of the defendants of diverting the Low-Price Editions of the books which are meant for Indian and the neighbouring territories to the territories outside the ones indicated on the books amounts to infringement of copyright.

b) To support his arguments, Mr. Rohatgi relied upon Section 14 of the Copyright Act which provides the meaning of copyright which includes the right to issue copies of the work to the public and not being copies already in circulation. As per Mr. Rohatgi, it is the prerogative of the owner of the copyright to issue the copies of the work to the public if the same are not in circulation already and the defendants, by putting into circulation the copies of Low Price Editions meant for specific territories, are violating the right of owner of the copyright and thus causing infringement of the copyright.

c) The learned senior counsel has also referred to Section 51 of the Copyright Act to state that infringement is deemed to be done by a person who does without licence or permission any acts which are conferred on the owner of the work. Thus, as per the counsel for the plaintiffs, a clear-cut case of infringement is made out.

d) The next submission of Mr. Rohatgi, Learned Senior counsel for the plaintiffs is that even the export of the goods is treated to be infringement within the meaning of the Copyright Act if it violates the rights of the owner. That being the situation, it makes no difference if the books meant for sale in India and neighbouring states are exported to other countries as that also constitutes infringement of the copyright held the owner.

23. To buttress his submission, Learned Senior Counsel relied upon the Judgment of a Division Bench of this Court in *Penguin Books Ltd. v. India Book Distributors and Ors.*, 26 (1984) DLT 316 (DB) wherein this Court has held that import of Britain published books from USA without seeking licence from exclusive licence amounts to infringement of copyright. The reasoning which is relevant for the purposes of the present discussion is in paragraph 10 of the judgment which can be read as under:

Copyright law is a territorial concept and each nation has its own laws. In America it may not be possible to place restrictions on the resale of books. But sale within the United States obviously cannot abrogate the effect of the laws of the particular place where they are imported. It appears

to me that an importer would be subject to the law of the particular country to which he happens to take the books. The importer cannot disregard the laws of other countries. I would decide against the freedom ("liberty" as the learned Judge phrased it) from restriction claimed by India Distributors. The learned judge upheld this freedom. In my respectful opinion he was wrong. American books cannot be sold into India so as to defeat the rights of the exclusive licensee.

24. Likewise, as per the learned senior counsel for the plaintiffs the ratio of the judgment that the non-control of the sale or resale in one country cannot abrogate the laws in another country can be conveniently applied to exports also. In other words, that the sale or resale of the Low-Price Edition Books cannot be controlled in India is acceptable but the same by way of export cannot violate the international copyright of the plaintiffs in other countries. It is also submitted by the learned senior counsel for the plaintiffs that Penguin (*supra*) holds that the importer would be subject to the laws of the territory where he happens to import the books. Here, we are concerned with the exporter and not the importer and the exporter would be subject to the laws from where he is exporting the books.

25. Next submission of Mr. Rohatgi is that a meaningful reading of the words "already in circulation" in Section 14 needs to be made in as much as the copies which are made available to the public in India may not be made available to the public in USA and UK so far as the Low Price Editions/Student editions of the books are concerned.

26. This submission has been made to controvert the argument of first sale doctrine to demonstrate that the interpretation of first sale doctrine given by the defendants would mean that once the sale of the article has been effected in India, then the owner loses/exhausts all the rights to control the subsequent sale anywhere in the world which would be incongruous as the books which are in circulation in India may not be in circulation elsewhere in the world.

27. Hence, the submission of Learned Senior counsel for the plaintiffs is that once the export is effected to the territories beyond the ones indicated upon the books, then the books which are not in circulation in the public of that territory are made available to them, which would lead to infringement of the copyright of the plaintiffs.

28. Mr. Rohatgi countered the applicability of the first sale doctrine by stating that the same would be inapplicable in the present case in view of the preceding submission which is that the books so exported are not already in circulation in the territory where they are exported.

29. Further, it is strenuously argued by Mr. Rohatgi that the first sale doctrine is limited to the goods lawfully manufactured in USA only. The learned senior counsel sought to distinguish the decisions cited by the defendants which are primarily the decisions made by Courts in USA.

31. It is submitted by Mr. Rohatgi that if at all there is any exhaustion of rights, the same would be limited to the territories where the sales are effected by the owner/authorized to be effected by the owner which means the territories indicated on the book and not beyond the same. Thus, the first sales doctrine has limited applicability to the extent of territorial limitation.

32. Learned senior counsel for the plaintiff stated that this Court is the appropriate forum to adjudicate the present dispute as the defendants are offering the books for sale from India, they are purchasing the same from India and thereafter exporting to other territories. The defendants are amenable to the jurisdiction of this Court as they are carrying on such business and residing within territorial jurisdiction of this Court. Section 19 of the Sales of Goods Act, 1930 is relied upon to support the submission that the property in the goods shall pass where the parties intend it to be transferred.

33. He argued that there is a consent decree which is passed against the Defendant No. 2 on 4.2.2008 by United States District Court Southern District, New York whereby the Defendant No. 2 has agreed to suffer a decree of permanent injunction amongst others in the said proceeding.

34. The learned Counsel for the plaintiffs summed up his submissions by stating that in view of the foregoing submissions, there is a prima facie case in favour of the plaintiffs as the defendants are illegitimately exporting the Low Price Editions of the books to the territories outside the ones indicated on the books and causing infringement of copyright.

35. Further, the balance of convenience is in favour of the plaintiffs as it is plaintiffs' rights which are being violated by reason of the defendant's acts. It is also argued by him that similar rights have been protected by this Court in various cases and parties have suffered an injunction against them. The plaintiffs are likely to suffer irreparable damage if the defendants are not restrained by way of appropriate injunction orders by this Court. Thus, the present case warrants the grant and confirmation of interim orders granted on 17.9.2008 by this Court.

36. Per Contra the submissions of Mr. Rahul Gupta, learned Counsel for the defendants can be summarized in the following manner:

a) Mr. Gupta firstly submitted that the present case of the plaintiffs does not fall under any of the provisions of the Copyright Act. Section 51 of the Act was read by Mr. Gupta to contend that there is no provision in the said Section and nor there is any provision under Section 14 of the Act whereby the export of the books would tantamount to infringement. Thus, learned Counsel submitted that no provision of the Copyright Act, 1957 is attracted which can lead to infringement of copyright.

b) Mr. Gupta advanced the preceding argument by further contending that the analogy of import cannot be equated with the export of the article. Mr. Gupta has supported this argument by stating that so far as the import of the work is concerned, the Legislature has specifically included the same within the meaning of infringement by express inclusion of such import in Section 51 as well as Section 2(m) which talks about infringing copies of an article.

c) Mr. Gupta submitted that by not including export of the work within the definition of 'infringing copy or in the provision for infringement, the same cannot be read into it to make out a case of infringement when it is actually not so. Hence, the export of the books does not amount to infringement within the meaning of the Act.

37. It was argued by Mr. Gupta that the first sales doctrine is applicable to the present case and the plaintiffs have exhausted all their rights to control the subsequent sales of the books after effecting the first sale in India. It was argued that the first sale doctrine is applicable to the Indian Act as well. He argued that there is no case of infringement of any copyright in Indian jurisdiction and the sale of books in India is not in any manner illegal as per the provision of Section 2(m) read with Section 14(a)(ii) read with explanation read with Section 51 of the Copyright Act where the rights of the owner have been limited to issuance of copies which are not already in circulation. Learned Counsel for the defendant has read the explanation appended to the Section which reads

(a)....

(i)....

(ii) to issue copies of the work to the public not being copies already in circulation;

Explanation.--For the purposes of this section, a copy which has been sold once shall be deemed to be a copy already in circulation.

38. Mr. Gupta submitted that the words "already in circulation" clearly recognize the first sales doctrine whereby once the owner of copyright has exercised his right to issue the copies, the owner loses all future rights to control the subsequent sales of the same work. He argued that the owners right is not absolute but is curtailed by the first sales doctrine.

39. Learned Counsel for the defendants has relied upon the following decisions in order to strengthen his submission:

a) *Bobbs Merrill Co. v. Straus* decided on 1.6.1908 by the US Supreme Court 210 US 339 (1908); b) *Quality King Distributors, Inc. v. L'ansa Research International, Inc.* decided on 9.3.1998 by the US Supreme Court.; c) MIPR 2009 (2) 175 titled *Warner Bros Entertainment Inc. and Ors. v. Santosh V.G.* decided on 13.4.2009 by this Court.

40. Great stress has been laid to the decision of a learned Single Judge of this Court in *Warner Bros Entertainment Inc and Ors. v. Santosh V.G.* which according to learned Counsel for the defendants recognizes the said doctrine of first sales in relation to the literary works. The relevant paragraphs relied upon by the defendants are paragraphs 58 and 63 of the judgment.

41. Mr. Gupta also submitted that the foreign judgment/consent decree passed in the US Court is not binding upon this Court and does not affect the case of the defendants. Lastly, it was argued by the learned Counsel for the defendants that this Court does not have territorial jurisdiction to try the present matter as there is no cause of action which has occurred within the territorial jurisdiction of this Court.

42. After hearing the submissions made by the parties, I feel it appropriate to divide my discussion on the subject into the following heads:

a) Infringement of copyright; b) Applicability of first sale doctrine and its probable impact.; c) Conclusion

Infringement of copyright (Paras 43 to 91 deleted)

92. Now I shall proceed with the second part of the discussion which is the applicability of first sales doctrine and its probable impact.

First Sales Doctrine and its Impact

93. The Learned Counsel for the defendant Mr. Gupta has made extensive arguments on the applicability of the doctrine of first sale in order to substantiate that the plaintiffs have lost the right to complain as the plaintiffs cannot control the subsequent sale of the article once the first sale of the same has been effected. Section 14(a)(ii) of the Act was read where the rights have been limited to issuance of the copies which are not already in circulation. Mr. Gupta submitted that the words "to issue copies of the work to the public not being copies already in circulation" clearly recognizes the first sales doctrine whereby once the owner of the copyright has exercised his right to issue to the copies, then the owner loses all future rights to control the subsequent sales on the same work.

94. Further, learned Counsel for the defendants has read the explanation appended to the Section which reads "explanation thereto for the purposes of this Section, a copy which has been sold once shall be deemed to be a copy already in circulation."

95. The owners right is not absolute but is curtailed by the first sales doctrine as per the submission of the learned Counsel for the defendants.

96. Warner Bros. (supra) has been relied upon which according to learned Counsel for the defendant recognizes the said doctrine of first sale in relation to literary works. Para 58 of the Judgment is reproduced hereinafter:

58 Exhaustion of rights is linked to the distribution right. The right to distribute objects (making them available to the public) means that such objects (or the medium on which a work is fixed) are released by or with the consent of the owner as a result of the transfer of ownership. In this way, the owner is in control of the distribution of copies since he decides the time and the form in which copies are released to the public. Content-wise the distribution right is to be understood as an opportunity to provide the public with copies of a work and put them into circulation, as well as to control the way the copies are used. The exhaustion of rights principle thus limits the distribution right, by excluding control over the use of copies after they have been put into circulation for the first time.

97. Further, paragraph 63 of the judgment was relied upon to explain that in case of literary works, the exhaustion principle is applicable. The relevant paragraph is reproduced below:

63. The defendant in this case, accepts that the renting/hiring of films carried on by it is without the plaintiffs' license. The plaintiffs urge that since the importation, for the purpose of renting of these cinematographic films has not been authorized by them in India, the copies are infringing

copies. Hence their import would be barred under Section 51(b)(iv). The defendant's argument, however, is that the copies were legitimately purchased in the course of trade; they are rental copies, and can be used for purpose of renting, in India. He says that the device of zoning, whereby the plaintiffs restrict the licensee owner to use it in territories other than what is indicated by them, is artificial, and unenforceable. Such "long arm" conditions are inapplicable. Particular reference is made to the explanation to Section 14, which describes the content of copyright; it clarifies that "For the purposes of this Section, a copy which has been sold once shall be deemed to be a copy already in circulation.+" Though attractive, this contention is unfeasible for more than one reason. The reference to copies in circulation is in the context of copyright in literary, artistic, dramatic or musical work, - not computer programme -(Section 14(a); the statute enables the copyright owner to "issue copies of the work to the public not being copies already in circulation". But for the explanation, it could arguably be said that the copyright owner lost his domain, or right to control the manner of further dealing in copies which were in circulation. Yet, a careful reading of Section 14 would reveal that the content of copyrights in respect of each nature of work (literary, dramatic, or musical work, on the one hand, computer programme, artistic work, cinematograph film, etc on the other) are distinct - evident from the listing out of such rights, separately, in Clauses (a) to (f) of the Section. The reference to "copies in circulation" has to be therefore, in the context; the phrase is used to limit the copyright owner's right to dictate further use of a literary, musical and dramatic work (Section 14(a)(ii)). None of the owners of other classes of work are subject to that limitation. The restriction of one class of copyright owner, structured in the statute serves a dual purpose it limits the owner of that class of copyright; and at the same time leaves it open to the copyright owner of other kinds of work, to place such restrictions.

98. Thus, as per the learned Counsel for the defendants, by the applicability of the first sale doctrine alias the exhaustion principle, the plaintiffs have no right to complain against the defendants acts of exporting Low Price Edition books in the foreign market.

99. The genesis of the said principle of exhaustion of rights is based on theory that the right holder can only control the first sale of the article and exercise the rights on the same and cannot complain of the infringement on each and every subsequent sale of the same. The Learned Counsel for the defendants has argued that in the present case, by virtue of the applicability of the doctrine of first sale, the plaintiffs have no grievance against the defendant left and thus cannot complain of the infringement.

100. I have examined this submission and feel that in the present case the doctrine of first sale even if it is applicable does not curtail the rights of the owner due to the following reasons:

a) At the outset, again, I would like to reiterate the three propositions a) the meaning of copyright has been defined under Section 14 of the Copyright Act as is clear from the opening words of the Section; b) The rights of the owner have to be looked into as per Section 51 of the Act while measuring infringement; c) The rights of the owner may be broader than that of the licensee. In the present case, the first sale has been affected by the exclusive licensee's plaintiff Nos. 2, 4, 6

and their rights are limited and are subject to the conditions and limitations imposed by the agreement. That being so, the applicability of the first sale doctrine qua the sales effected by the exclusive licensee to the defendants will at best exhaust the rights of the exclusive licensees to complain and not the rights of the owner. The right of the owner to complain for remaining infringement in unauthorised territories for violation of the permission granted and violation of the rights will remain intact. Thus, the applicability of first sale doctrine will partially exhaust the rights of the licensee and not of the owner of the copyright i.e. plaintiff Nos. 1, 3 and 5.

b) The applicability of the principle of international exhaustion of rights is doubtful. The said reasoning is based on the argument of the defendants that the plaintiffs will lose all their rights after effecting the first sale to the defendants. To explain the said doctrine, the defendants have relied upon English case laws which are (1) *Bobbs Merrill Co. v. Straus* Date of decision 1.6.1908, US Supreme Court 210 U.S. 339 (1908), (2) *Quality King Distributors, Inc. v. L'ansa Research International, Inc.* dated 9.3.1998 by US Supreme Court, (3) *Timothy S. Vernor v. Autodesk, Inc.* Decision dated 20.5.2008 by US District Court, Washington, (4) *UMG Recordings, Inc. v. Troy Augusto, et. Al.*, dated 10.6.2008, US District Court, California and also the latest judgment passed by the Learned Single Judge of this Court in *Warner Bros.* (supra).

101. In this respect I would say that the English case laws relied upon by the defendant are the same which have been analysed thoroughly by the Learned Single Judge of this Court in *Warner Bros* (Supra) where the Learned Single Judge was concerned with the importation of the cinematograph works and came to the conclusion that the doctrine of exhaustion of rights will be confined to literary works only and will be inapplicable to the cinematograph works as the said explanation appended to Section 14 is confined to literary works only as has been discussed in paragraph 63 of that judgment which is afore-mentioned.

102. Thus, the learned Single Judge has merely come to the conclusion that the doctrine of the exhaustion/first sale is applicable to literary works although the same has not been applied by the Learned Single Judge in *Warner Bros* (Supra).

103. Further, the Learned Single Judge in his judgment doubted the manner of the applicability of the doctrine of exhaustion as to whether the same shall be regional or international exhaustion of rights. This question was answered by expressing the opinion that the nature of exhaustion whether regional or international shall be dependent upon the scheme of the act and the provisions contained therein, like in the US where there are categorical provisions relating to international exhaustion, the same will be international exhaustion as against in UK, which follows the regional exhaustion policy. The discussion pertaining to same is in paragraph 59 of the judgment which is reproduced below:

59. As seen in the earlier discussion, *L'Anza* was decided in the context of a "round trip" transaction of products, sold unauthorisedly after importation, although exported by legitimate means. The decision was premised on the interplay between Section 106(3); 109, 501 and 602 of the US Copyright Act. In the US, there is a clear provision embodying out the "exhaustion"

principle. It is said that the US, by virtue of its laws, follows the "international exhaustion" principle, where once a copyright owner places his product in the market, he loses the right to restrict or exercise domain or control over that copy, anywhere, globally. The United Kingdom and European Union countries, on the other hand, follow the "regional exhaustion" principle, which means that once an intellectual property owner places his product in the market, in any EU country, he loses the right to exercise control within the EU markets. However, he preserves the right to place restrictions on the use and further commerce in the product, outside of EU countries.

104. The discussion makes it apparent that the learned single judge has doubted the mode of the applicability of the first sales doctrine in India as per the existing law. The same may lead to partial or regional exhaustion or international exhaustion. As per my opinion, as the express provision for international exhaustion is absent in our Indian law, it would be appropriate to confine the applicability of the same to regional exhaustion. Be that as it may, in the present case, the circumstances do not even otherwise warrant this discussion as the rights if at all are exhausted are to the extent to which they are available with the licensees as the books are purchased from the exclusive licensees who have limited rights and not from the owner. In these circumstances, the question of exhaustion of rights of owner in the copyright does not arise at all.

105. The learned Single Judge again in paragraph 65 of Warner Bros. (supra) doubted the application of international exhaustion and rather expressed his concerns about the illogical arguments and observed results arising out of the applicability in case of licenses. Para 65 reads as under:

65. There is yet another reason why the defendant's argument about exhaustion cannot be accepted in India. Now, a copyright owner has the right and authority to parcel out his right which are essentially commercial in nature. A film producer, or owner of copyright in a sound recording, might for instance, decide to distribute his products, through licensees. These licensees can be limited, in terms of period; in terms of copies entitled to be sold, or hired, or in terms of number of performances and so on. They can also - by reason of Section 19, be limited geographically. If the defendants' contentions were to be accepted, the moment such licensees gain copies, the copyright owners would exhaust their rights, enabling the licensees to exploit the copies uninhibitedly. Thus, for instance, if a distributor is given a copy to exhibit a film in territory A, or hire them in that territory; he could, by extension of the defendants' logic, travel beyond that territory, or use a rental copy to exhibit the film, in another territory, where it has not been released, or even rent it in such territory, and so on. To give another instance the purchase of a rental copy meant to be used in the southern region, in India, designated by the copyright owner, analogically, can according to the defendant, be rented out in other regions too, whether or not such films are released in those regions. Such renting out may have catastrophic commercial consequences: one of the hirers might well be a cinema theatre, which may exhibit it, in public. This would completely defeat the copyrights owner's right to commercially exploit its rights, and for that purpose, partition the market at its convenience. The safeguard provided by Section

51(b)(iv) proviso, in the case of importation of one infringing copy, amply testifies that if importation is for private use of the importer, which specifically alludes to the non-commercial use by such a person or individual, it is not deemed an infringement.

105. The above concerns of the learned Single Judge can be seen in the present case in light of the fact that the licensee after gaining the copies cannot exploit the rights world-wide which is, in fact, the owners right. The same is the situation when the articles have been purchased from the licensee. Thus, Warner Bros. (supra) does not come to the aid of the defendants.

106. The defendant's argument that the first sale doctrine will exhaust the rights of the plaintiffs internationally is incongruous and the same will lead to absurd results in as much as the defendants are the purchasers of the books with notice from the exclusive licensee and not from the owner of the copyright. Accepting the contention of the defendants would again be nugatory to the principle of the ownership and license. The owner has full right to enjoy the property and if the property is purchased from the owner only then will the owner lose his rights. The same is applicable in the present circumstances. The purchaser after purchasing from the exclusive licensee cannot by claiming the principle of exhaustion or extinguishment of rights defeat the rights of the owner. This is the only harmonious interpretation possible by invocation of doctrine of first sales in the present case.

107. In view of the aforementioned reasoning, the argument of applicability of first sale doctrine defeating the rights of the owner fails and the same cannot abridge the rights of the owner to complain of infringement in the present case even if it is applied. With this, I end the second part of my discussion.

108. The related arguments of the defendants about the Specific Relief Act fails as prima facie right has been established in favour of the plaintiff. Further, there is no unfair competition or barrier to the trade which has been affected by the plaintiffs as the plaintiff's rights are emanating from the Statute and thus these aspects do not require discussion and the arguments are rejected as meritless.

109. I shall now proceed with the conclusion.

Conclusion

a) The combined reasoning given under the two heads leads to the conclusion that the defendant's acts are prima facie infringing in nature. The defences put forth by the defendants to defend their usage are not tenable. Rather, the first sales doctrine if it is applied does not aid the case of the defendant. Thus, there is prima facie infringement of copyright which warrants the grant of temporary injunction till the disposal of the suit.

b) The parameters for the grant of injunction have been succinctly discussed in *Dalpat Kumar v. Prahlad Singh*, AIR 1993 SC 276 which include prima facie case, balance of convenience and irreparable injury.

c) The plaintiffs have been prima facie successful in establishing that they are the owners of the copyright in the books and the same is being violated by the defendants by putting into circulation the Low Price Editions of the books into territories for which the books are not meant and violating the right of the owner under Section 14(a)(ii) and also causing the conditions of the licence to be violated and thereby causing the infringement of the copyright of the plaintiffs. The defendants have failed to show any prima facie tenable defence in support of their acts.

d) The balance of the convenience will lie in favour of the plaintiffs as the plaintiffs will be more inconvenienced if the ex parte injunction granted on 17.9.2008 is not confirmed and the defendants are not restrained from carrying out the infringing acts as against the defendant, who will be less inconvenienced. This is also more so when the defendants have already given an undertaking before US court to not indulge in infringing acts in future. The plaintiffs will suffer irreparable loss if the defendants are allowed to start carrying out their acts at this stage. The defendants will not suffer any such loss at this stage as is obvious by weighing the comparative hardship.

110. To sum up, the plaintiffs have made out a case for the grant of temporary injunction by satisfying the three essential elements for the grant of injunction... Consequently, the defendants and their agents, assigns and sister concerns, till the disposal of the suit, are restrained from advertising, offering for sale/exporting any publications of the plaintiffs to the countries outside the territories specified on the books published by the plaintiffs.

111. It is made clear that any observation made herein shall be treated as tentative in nature and shall not constitute any expression of final opinion on the issues involved and shall have no bearing on the final merit of case and submissions of the parties in the suit.

R.G. Anand v. M/s. Delux Films

AIR 1978 SC 1613

S. MURTAZA FAZAL ALI, J. - This appeal by special leave is directed against the judgment of the Delhi High Court dated 23rd May, 1967 affirming the decree of the District Judge, Delhi and dismissing the plaintiff's suit for damages against the defendants on the ground that they had violated the copyrighted work of the plaintiff which was a drama called 'Hum Hindustani'.

3. The plaintiff is an architect by profession and is also a playwright, dramatist and producer of stage plays. Even before *Hum Hindustani* the plaintiff had written and produced a number of other plays like *Des Hamara*, *Azadi* and *Election* which were staged in Delhi. The subject-matter of the appeal, however, is the play entitled '*Hum Hindustani*'. According to the plaintiff, this play was written by him in Hindi in the year 1953 and was enacted by him for the first time on 6th, 7th, 8th, and 9th, February, 1954 at Wavell Theatre, New Delhi under the auspices of the Indian National Theatre. The play proved to be very popular and received great approbation from the press and the public as a result of which the play was re-staged in February and September, 1954 and also in 1955 and 1956 at Calcutta. In support of his case the plaintiff has referred to a number of comments appearing in the Indian Express, Hindustan Times, Times of India and other papers.

4. Encouraged by the success and popularity of the aforesaid play the plaintiff tried to consider the possibility of filming it. In November, 1954 the plaintiff received a letter dated 19th November, 1954 from the second defendant Mr. Mohan Sehgal wherein the defendant informed the plaintiff that he was supplied with a synopsis of the play by one Mr. Balwant Gargi a common friend of the plaintiff and the defendant. The defendant had requested the plaintiff to supply a copy of the play so that the defendant may consider the desirability of making a film on it. The plaintiff, however, by his letter dated 30th, November, 1954 in-formed the defendant that as the play had been selected out of 17 Hindi plays for National Drama Festival and would be stage on 11th Dec. 1954, the defendant should take the trouble of visiting Delhi and seeing the play himself in order to examine the potentialities of making a film, and at that time the matter could be discussed by the defendant with the plaintiff.

5. The plaintiff's case, however, is that some time about January, 1955 the second and the third defendants came to Delhi, met the plaintiff in his office where the plaintiff read out and explained the entire play to the defendants and also discussed the possibility of filming it. The second defendant did not make any clear commitment but promised the plaintiff that he would inform him about his re-action after reaching Bombay. There after the plaintiff heard nothing from the defendant. Sometime in May, 1955 the second defendant announced the production of a motion picture entitled "New Delhi". One Mr. Thapa who was one of the artist in the play produced by the plaintiff happened to be in Bombay at the time when the picture 'New Delhi' was being produced by the defendant and informed the plaintiff that the picture being produced by the defendant was really based on the plaintiff's play 'Hum Hindustani'. The plaintiff

thereupon by his letter dated 30th May, 1955 wrote to the second defendant expressing serious concern over the adaptation of his play into a motion picture called 'New Delhi'. The defendant, however, by his letter dated 9th June, 1955 informed the plaintiff that his doubts were without any foundation and assured the plaintiff that the story treatment, dramatic construction, characters etc. were quite different and bore not the remotest connection or resemblance with the play written by the plaintiff.

6. The picture was released in Delhi in Sept. 1956 and the plaintiff read some comments in the papers which gave the impression that the picture was very much like the play 'Hum Hindustani' written by the plaintiff. The plaintiff himself saw the picture on the 9th Sept. 1956 and he found that the film was entirely based upon the said play and was, convinced that the defendant after having heard the play narrated to him by the plaintiff dishonestly imitated the same in his film and thus committed an act of piracy so as to result in violation of the copyright of the plaintiff, The plaintiff accordingly filed the suit for damages, for decree for accounts of the profits made by the defendants and a decree for permanent injunction against the defendants restraining them from exhibiting the film 'New Delhi'.

8. The defendants, *inter alia*, pleaded that they were not aware that the plaintiff was the author of the play 'Hum Hindustani' nor were they aware that the play was very well received at Delhi. Defendant No. 2 is a film Director and is also the proprietor of defendant No. 1 Delux Films. The defendants averred that in Nov. 1954 the second defendant was discussing some ideas for his new picture with Mr. Balwant Gargi who is a playwright of some repute. In the course of the discussion, the second defendant informed Mr. Gargi that the second defendant was interested in producing a motion film based on 'provincialism' as its central theme. In the context of these discussions, Mr. Gargi enquired of defendant No. 2 if the latter was interested in hearing the play called 'Hum Hindustani' produced by the plaintiff which also had the same theme of provincialism in which the second defendant was interested. It was, therefore, at the instance of Mr. Gargi that the second defendant wrote to the plaintiff and requested him to send a copy of the script of the play. The defendant goes on to state that the plaintiff read out the play to the second defendant in the presence of Rajinder Bhatia and Mohan Kumar, Assistant Directors of the second defendant when they had come to Delhi in connection with the release of their film "*Adhikar*". The second defendant has taken a clear stand that after having heard the play he informed the plaintiff that though the play might have been all right for the amateur stage it was too inadequate for the purpose of making a full-length commercial motion picture. The defendants denied the allegation of the plaintiff that it was after hearing the play written by the plaintiff that the defendants decided to make a film based on the play and entitled it as 'New Delhi'.

9. The defendants thus submitted that there could be no copyright so far as the subject of provincialism is concerned which can be used or adopted by anybody in his own way. He further averred that the motion picture was quite different from the play 'Hum Hindustani' both in content, spirit and climax. The mere fact that there were some similarities between the film and

the play could be explained by the fact that the idea, viz, provincialism was the common source of the play as also of the film. The defendant thus denied that there was any violation of the copyright.

10. On the basis of the pleadings of the parties, the learned trial Judge framed the following issues:

1. Is the plaintiff owner of copyright in the play 'Hum Hindustani'?
2. Is the film 'New Delhi' an infringement of the plaintiff's copyright in the play 'Hum Hindustani'?
3. Have defendants or any of them infringed the plaintiff's copyright by producing, or distributing or exhibiting the film 'New Delhi'?"
4. Is the suit bad for misjoinder of defendants and causes of action?
5. To what relief is the plaintiff entitled and against whom?

11. Issue No. 1 was decided against the defendants and it was held by the trial Judge that the plaintiff was the owner of the copyright in the play 'Hum Hindustani'. Issue No. 4 was not pressed by the defendants and was accordingly decided against them. The main case however turned upon the decision on issues Nos. 2 and 3 which were however decided against the plaintiff as the learned Judge held that there was no violation of the copy-right of the plaintiff. The plaintiff then went up in appeal to the Delhi High Court where a Division Bench of that Court affirmed the decision of the District Judge and upheld the decree dismissing the plaintiff's suit. The finding of fact arrived at by the learned trial Judge and the High Court have not been assailed before us. The only argument advanced by the appellant was that the principles enunciated and the legal inferences drawn by the courts below are against the settled legal principles laid down by the courts in England, America and India. It was also submitted by Mr. Andley that the two courts have not fully understood the import of the violation of copyright particularly when the similarities between the play and the film are so close and sundry that would lead to the irresistible inference and unmistakable impression that the film is nothing but an imitation of the play. On the other hand, it was argued by Mr. Hardy counsel for the respondents that the two courts below have applied the law correctly and it is not necessary for this Court to enter into merits in view of the concurrent findings of fact given by the two courts. He further submitted that even on the facts found it is manifest that there is a vast difference both in the spirit and the content between the play 'Hum Hindustani' and the film 'New Delhi' and no question of violation of the copyright arises.

12. In order to appreciate the argument of both the parties it may be necessary to discuss the law on the subject, To begin with there is no decided case of this Court on this point, Secondly, at the time when the cause of action arose Parliament had not made any law governing copyright violation and the courts in the absence of any law by our Parliament relied on the old law passed

copyright subsists not only in the actual words of the work but in the dramatic incidents created, so that if these are taken there may be an infringement although no words are actually copied. There cannot be copyright in mere scenic effects or stage situations which are not reduced into some permanent form.

Similarly, it was pointed out by **Copinger** in his book on *Copyright* 11th Edition that what is protected is not the original thought but expression of thought in a concrete form. In this connection, the author makes the following observations based on the case law:

What is protected is not original thought or information, but the original expression of thought or information in some concrete form. Consequently, it is only an infringement if the defendant has made an unlawful use for the form in which the thought or information is expressed. The defendant must, to be liable have made a substantial use of this form; he is not liable if he has taken from the work the essential ideas, however original and expressed the idea in his own form, or used the idea for his own purposes.

The author also points out that there is no infringement unless the plaintiff's playwright work has been actually used, so that it may be said that the latter work reproduces the earlier one. In this connection, the author observes as follows:-

A further essential matter and one which - rather strangely - is not anywhere precisely stated in the Act of 1956 is that there can be no infringement unless use has been made, directly or indirectly of the, plaintiff work.

15. Moreover, it seems to us that the fundamental idea of violation of copyright or imitation is the violation of the Eighth Commandment: "Thou shalt not steal" which forms the moral basis of the protective provision of the Copyright Act of 1911. It is obvious that when a writer or a dramatist produces a drama it is a result of his great labour, energy, time and ability and if any other person is allowed to appropriate the labours of the copyrighted work, his act amounts to theft by depriving the original owner of the copyright of the product of his labour. It is also clear that it is not necessary that the alleged infringement should be an exact or verbatim copy of the original but its resemblance with the original in large measure, is sufficient to indicate that it is a copy. In Art. 418 **Copinger** states thus:-

In many cases the alleged infringement does not consist of an exact, or verbatim, copy of the whole, or any part, of the earlier work, but merely resembles it in a greater or lesser degree.

In Art. 420 the author lay down the various tests to determine whether an infringement has taken place and observes as follows:-

Various definitions of 'copy' have been suggested, but it is submitted that the true view of the matter is that, where the court is satisfied that a defendant has in producing the alleged infringement, made a substantial use of those features of the plaintiff's work in which copyright subsisted, an infringement will be held to have been committed, if he

has made such use, he has exercised unlawfully the sole right which is conferred upon the plaintiff.

16. Ball in "*Law of Copyright and Literary Property*" page 364 points out that where the defendant materially changes the story, he cannot be said to have infringed the copyright. In this connection, the author observes as follows:-

In such a composition the story is told by grouping and representing the important incidents in the particular sequence devised by the author whose claim to copyright must depend upon the particular story thus composed; and not upon the various incidents, which, if presented individually, without such unique sequential arrangement, would be common literary property, Consequently another dramatist who materially changes the story by materially varying the incidents should not be held to be an infringer.

It is also pointed out by Mr. Ball that sometimes even though there may be similarities between the copyrighted work and the work of the defendant they may be too trivial to amount to appropriation of copyrighted material. The author observes thus:-

When two authors portray in literary or dramatic form the same occurrence, involving people reacting to the same emotions under the influence of an environment constructed of the same materials, similarities in incidental details necessary to the environment or setting are inevitable; but unless they are accompanied by similarities in the dramatic development of the plot or in the lines or action of the principle characters, they do not constitute evidence of copying. They are comparable to similarities in two works of art made by different artists form the same original subject, and in the usual case are too trivial and unimportant to amount to a substantial appropriation of copyrighted material.

The author further says that unless there is any substantial identity between the respective works in the scenes, incidents and treatment, a case of infringement of copyright is not made out and observes thus:-

But there was no substantial identity between the respective works in the scenes, incidents, or treatment of the common theme; the court held that the plaintiff's copyrights were not infringed by the defendant's photo plays.

Dealing with the infringement of copyright of a play by a motion picture which appears to be an identical case in the present appeal, the author observes as follows:-

In an action for the alleged infringement of the copyright of a play by a motion picture, wherein it appeared that both authors had used life in a boys' reform school as a background, but the only similarity between the two productions consisted of a few incidents and points in dialogue, such as one would expect to find in stories set against the same background, there was no infringement of copyright.

To the same effect are the following observations of the author:

Where the only evidence of similarities between two plays was based upon the author's analysis and interpretation of an extensive list of "parallel" from which he inferred that many incidents, scenes and characters in the alleged infringing play were adapted from the plaintiff's copyrighted play, but no such resemblance would be apparent to an ordinary observer, it was held that the meaning or interpretation which the author gives to his literary work cannot be accepted as a deciding test of plagiarism; and that, in the absence of any material resemblance which could be recognized by an ordinary observation, each play must be regarded as the independent work of the named author.

17. Similar observations have been made in *Corpus Juris Secundum* Vol. 18 at page 139 where it is observed as follows:

An author has, at common law, a property in his intellectual production before it has been published, and may obtain redress against anyone who deprives him of it, or, by improperly obtaining a copy, endeavours to publish or to use it without his consent.

This right exists in the written scenario of a motion picture photo play and in the photo play itself as recorded on the photographic film. There is, however, no common-law literary property right in the manner and postures of the actors used by them in performing the play.

Infringement of a copyright is a trespass on a private domain owned and occupied by the owner of the copyright, and, therefore, protected by law, and infringement of copyright, or piracy, which is synonymous term in this connection, consists in the doing by any person, without the consent of the owner of the copyright of anything the sole right to do which is conferred by the statute on the owner of the copyright.

This view was taken by the U. S. Supreme Court in the case of *Bobbs-Merrill Company v. Isidor Straus and Nathan Straus* [(1908) 210 US 339].

18. In the American Jurisprudence also it is pointed out that the law does not recognize property right in abstract ideas, nor is an idea protected by a copyright and it becomes a copyrighted work only when the idea is given embodiment in tangible form. In this connection the following observation are made:-

Generally speaking, the law does not recognize property right in abstract ideas and does not accord the author or proprietor, the protection of his ideas, which the law does accord to the proprietor of personal property.

In cases involving motion pictures or radio or television broadcasts, it is frequently stated that an idea is not protected by a copyright or under the common law or that there is no property right in an idea, apart from the manner in which it is expressed.

When an idea is given embodiment in a tangible form, it becomes the subject of common-law property right which are protected by the courts, at least when it can be said to be novel and new.

It was also pointed out in this book as to what constitutes colourable imitation. In this connection, the following observations have been made:-

“Infringement involves a copying in whole or in part, either in haec verba(sic) or by colourable variation ...A ‘copy’ as used in copyright cases, signifies a tangible object which is a reproduction of the original work. The question is not whether the alleged infringer could have obtained the same information by going to the same source used by plaintiff in his work, but whether he did in fact go to the same source and do his own independent research. In other words, the test is whether one charged with the infringement made an independent production, or made a substantial and unfair use of the plaintiff’s work.”

“Intention to plagiarise is not essential to establish liability for infringement of a copyright or for plagiarism of literary property in unpublished books, manuscripts, or plays. One may be held liable for infringement which is unintentional or which was done unconsciously.”

Similarity of the infringing work to the author’s or proprietor’s copyrighted work does not of itself establish copyright infringement if the similarity results from the fact that both works deal with the same subject or have the same common source ...Nevertheless, it is the unfair appropriation of the labour of the author whose work has been infringed that constitutes legal infringement, and while identity of language will often prove that the offence was committed; it is not necessarily the sole proof; on the other hand relief will be afforded, irrespective of the existence or non-existence of any similarity of language, if infringement in fact can be proved.

“The appropriation must be of a ‘substantial or ‘material’ part of the protected work ... The test is whether the one charged with the infringement has made a substantial and unfair use of the complainant’s work. Infringement exists when a study of two writings indicates plainly that the defendant’s work is a transparent rephrasing to produce essentially the story of the other writing, but where there is no textual copying and there are differences in literary style, the fact that there is sameness in the tricks of spinning out the yarn so as to sustain the reader’s suspense and similarities of the same general nature in a narrative of a long, complicated search for a lost article of fabulous value, does not indicate infringement.”

19. We shall now discuss some of the authorities that have been cited at the Bar as also some others with whom we have come across and which throw a flood of light on the point in issue. Dealing with the question of similarities Lord Kekewich, J. in *Hanfstaengl* case [(1905) 1 Ch D 519] (*supra*) described various qualities of a copy and observed as follows:-

In *West v. Francis* [(1822) B & Ald. 737, 74] Bayley J. uses language coming, as Lord Watson says, nearer to a definition than anything which is to be found in the books. It runs thus: "A copy is that which comes so near to the original as to give to every person seeing it the idea created by the original ... If it were altered thus - "a copy is that which comes so near to the original as to suggest that original to the mind of every person seeing it"- the substance of the definition would be preserved and Lord Watson's criticism would be avoided.

The learned Judge aptly pointed out that an imitation will be a copy which comes so near the original as to suggest the original to the mind of every person seeing it. In other words, if after having seen the picture a person forms a definite opinion and gets a dominant impression that it has been based on or taken from the original play by the appellant that will be sufficient to constitute a violation of the copy-right.

20. In the case of *Ladbroke (Football) Ltd. v. William Hill (Football) Ltd.* [(1964) 1 All ER 465] Lord Reid made the following pertinent observation:

"But, in my view, that is only a shortcut, and more correct approach is first to determine whether the plaintiff's work as whole is 'original' and protected by copyright, and then to inquire whether the part taken by the defendant is substantial. A wrong result can easily be reached if one begins by dissecting the plaintiff's work and asking, could section A be the subject of copyright if it stood by itself, could section B be protected if it stood by itself, and so on. To my mind, It does not follow that, because the fragments taken separately would not be copyright, therefore the whole cannot be."

Lord Hodson expressed similar views at p. 475 in the following words:-

"The appellants have sought to argue that the coupons can be dissected and that on analysis no copyright attaches to any of their component parts and accordingly no protection is available in my opinion this approach is wrong and the coupons must be looked at as a whole Copyright is a statutory right which by the terms of S. 2 of the Act of 1956 would appear to subsist, if at all, in the literary or other work as one entity."

This case clearly lays down that a similarity here or a similarity there is not sufficient to constitute a violation of the copyright unless the limitation made by the defendant is substantial.

21. In the case of *Corelli v. Gray* [(1913) 29 TLR 570] Sargant, J. observed as follows:-

"The plaintiff's case is entirely founded on coincidences or similarities between the novel and the sketch. Such coincidences or similarities may be due to any one of the four hypotheses - namely (1) to mere chance, or (2) to both sketch and novel being taken from a common source; (3) to the novel being taken from the sketch, or (4) to the sketch being taken from the novel. Any of the first three hypotheses would result in the success of the defendant; it is the fourth hypothesis alone that will entitle the plaintiff to succeed.

Looking now at the aggregate of the similarities between the sketch and the novel, and the case is essentially one on which the proof is cumulative, I am irresistibly forced to the conclusion that it is quite impossible they should be due to mere chance coincidence and accordingly that they must be due to a process of copying or appropriation by the defendant from the plaintiff's novel."

Thus it was pointed out in this case where the aggregate of the similarities between the copyrighted work and the copy lead to cumulative effect that the defendant had imitated the original and that the similarities between the two works are not coincidental, a reasonable inference of colourable imitation or of appropriation of the labour of the owner of the copyright by the defendant is proved, This case was followed by the Master of Rolls in the case of **Corelli v. Gray**.

22. The case of **Hawks and Son (London) Limited v. Paramount Film Service Limited** [(1934) 1 Ch.D. 593] was whether a musical composition made by the owner was sought to be imitated by producing a film containing the said composition. An action for violation of the copy right was filed by the owner. Lord Hansworth, M. R. found that the quantum taken was substantial part of the musical copyright could be reproduced apart from the actual film. In this connection, Lord Hansworth observed as follows:-

Having considered and heard this film I am quite satisfied that the quantum that is taken is substantial, and although it might be difficult, and although it may be uncertain whether it will be ever used again, we must not neglect the evidence that a substantial part of the musical copyright could be reproduced apart from the actual picture film.

Similar observations were made by Lord Slesser which may be extracted thus:-

"Anyone hearing it would know that it was the march called "Colonel Bogey" and though it may be that it was not very prolonged in its reproduction, it is clearly, in my view, a substantial, vital and an essential part which is there reproduced. That being so, it is clear to my mind that a fair use has not been made of it; that is to say there has been appropriated and published in a form which will or may materially injure the copyright that in which the plaintiffs have a proprietary right."

23. In the case of **Harman Pictures N. V. v. Osborne** [(1967) 1 WLR 723] it was held that similarities of incident and situation undoubtedly afforded prima face evidence of copy and in the absence of any explanation by the defendant regarding the sources, the plaintiffs must succeed . It was however held that there was no copyright in ideas, schemes or systems or method and the copyright is confined only to the subject. In this connection Coff. J. observed as follows:-

"There is no copyright in ideas or schemes or system or methods, it is confined to their expression ...But there is a distinction between ideas (which are not copyright) and situations and incidents which may be ... One must, however, be careful not to jump to the conclusion that there has been copying merely because of similarity of stock incidents, or of incidents which are to be found in historical, semi-historical and fictional

literature about characters in history. In such cases the plaintiffs and that includes the plaintiffs in the present case, are in an obvious difficulty because of the existence of common sources.”

“But I have read the whole of the script very carefully and compared it with the book and I find many similarities of detail, there also ... Again, it is *prima facie* not without significance that apart from the burial of Captain Nolan the play ends with the very quotation which Mrs. Woodham Smith used to end her description of the battle ... As Sir Andrew Clark points out, some of these might well be accounted for as being similar to other events already in the script, and in any event, abridgement was necessary, but that may not be a complete answer.”

24. Similarly in the case of *Donoghue v. Allied Newspapers Ltd.*, [(1937) 3 All ER 503] it was pointed out that there was no copyright in an idea and in this connection Farewell, J. observed as follows:

“This, at any rate, is clear, and one can start with this beyond all question that there is no copyright in an idea, or in ideas if the idea, however brilliant and however clever it may be, is nothing more than an idea, and is not put into any form of words or any form of expression such as a picture or a play, then there is no such thing as copyright at all. It is not until it is (if it may put it in that way) reduced into writing or into some tangible form, that you get any right to copyright at all, and the copyright exists in the particular form of language in which, or, in the case of a picture, in the particular form of the picture by which, the information or the idea is conveyed to those who are intended to read it or look at it.”

Thus, on a careful consideration and elucidation of the various authorities and the case law on the subject discussed above the following propositions emerge:

1. There can be no copyright in an idea, subject-matter, themes, and plots or historical or legendary fact and violation of the copyright in such cases is confined to the form, manner and arrangement and expression of the idea by the author of the copyrighted work.

2. Where the same idea is being developed in a different manner, it is manifest that the source being common, similarities are bound to occur. In such a case the courts should determine whether or not the similarities are on fundamental or substantial aspects of the mode of expression adopted in the copyrighted work. If the defendants work is nothing but literal imitation of the copyrighted work with some variation here and there it would amount to violation of the copyright. In other words, in order to be actionable, the copy must be a substantial and material one which at once leads to the conclusion that the defendant is guilty of an act of piracy.

3. One of the surest and the safest test to determine whether or not there has been a violation of copyright is to see if the reader, spectator or the viewer after having read or seen

both the works is clearly of the opinion and gets an unmistakable impression that the subsequent work appears to be a copy of the original.

4. Where the theme is the same but is presented and treated differently so that the subsequent work becomes a completely new work, no question of violation of copyright arises.

5. Where however apart from the similarities appearing in the two works there are also material and broad dissimilarities which negative the intention to copy the original and the coincidences appearing in the two works are clearly incidental no infringement of the copyright comes into existence.

6. As a violation of copyright amounts to an act of piracy it must be proved by clear and cogent evidence after applying the various test laid down by the case law discussed above.

7. Where however, the question is of the violation of the copyright of stage play by a film producer or a director the task of the plaintiff becomes more difficult to prove piracy. It is manifest that unlike a stage play a film has much broader perspective, wider field and a bigger background where the defendants can by introducing a variety of incidents give a colour and complexion different from the manner in which the copyrighted work has expressed the idea. Even so, if the viewer after seeing the film gets a totality of impression that the film is by and the large a copy of the original play, violation of the copyright may be said to be proved.

27. We would now endeavour to apply the principles enunciated above and the tests laid down by us to the facts of the present case in order to determine whether or not the plaintiff has been able to prove the charge of plagiarism and violation of copyright levelled against the defendant by the plaintiff. The learned trial Judge who had also had the advantage of seeing the picture was of the opinion that the film taken as a whole is quite different from the play written by the plaintiff. In order to test the correctness of the finding of the trial Court we also got the play read to us by the plaintiff in the presence of counsel for the parties and have also seen the film which was screened at C.P.W.D. Auditorium, Mahadev Road, New Delhi, This was done merely to appreciate the judgment of the trial Court and the evidence led by the parties and was not at all meant to be just a substitute for the evidence led by the parties.

48. To begin with we would like to give a summary of the play Hum Hindustani which is supposed to have been plagiarized by the defendants. The script of the play Ex. P-1 has had been placed before us and we have gone through the same.

51. Analysing therefore the essential features of the play the position is as follows:-

1. That the central idea of the play is based on provincialism and parochialism.
2. The evils of provincialism are illustrated by the cordial relations of the two families being marred because of an apprehended marriage tie which according to both the families was not possible where they belonged to different states.

3. That the Madrasi boy Amni is a coward and in spite of his profound love for Chander he does not muster sufficient courage to talk the matter out with his parents.

4. That in sheer desperation while the parents of the families are trying to arrange a match for the couple belonging to the same State Amni and Chander enter into the suicidal pact and write letters to their parents intimating their intention.

5. It was only after the letters are perused by the parents that they realise the horror of parochialism and are repentant for having acted so foolishly.

6. That after this realisation comes the married couple Amni and Chander appear before the parents and thus all is well that ends well.

54. Analysing the story of the film it would appear that it portrays three main themes: (1) Two aspects of provincialism viz. the role of provincialism in regard to marriage and in regard to renting out accommodation (2) Evils of a caste ridden society, and (3) the evils of dowry. So far as the last two aspects are concerned, they do not figure at all in the play written by the plaintiff/appellant. A close perusal of the script of the film clearly shows that all the three aspects mentioned above are integral parts of the story and it is very difficult to divorce one from the other without affecting the beauty and the continuity of the script of the film. Further, it would appear that the treatment of the story of the film is in many respects different from the story contained in the play.

62. On a close and careful comparison of the play and the picture but for the central idea (provincialism which is not protected by copyright), from scene to scene, situation to situation, in climax to anti-climax, pathos, bathos, in texture and treatment and support and presentation, the picture is materially different from the play. As already indicated above, applying the various tests outlined above we are unable to hold that the defendants have committed an act of piracy in violating the copyright of the play.

63. Apart from this the two courts of fact, having considered the entire evidence, circumstances and materials before them have come to a finding of fact that the defendants committed no violation of the copyright. This Court would be slow to disturb the findings of fact arrived at by the courts below particularly when after having gone through the entire evidence, we feel that the judgment of the courts below is absolutely correct.

64. The result is that the appeal fails and is accordingly dismissed. But in the circumstances, there will be no order as to costs in this Court only.

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Macmillan and Company, Limited v. K. & J. Cooper

LR (1923) 51 I.A. 109; AIR 1924 PC 75

LORD ATKINSON - The action out of which this appeal has arisen was brought by the appellants to restrain the respondents, K. and J. Cooper, a firm carrying on in Bombay the trade and business of publishers of educational books, from printing, distributing or otherwise disposing of copies of a certain book published by them hereinafter described, and to recover damages and other relief. The ground on which this relief was claimed was that the appellants were entitled to the copyright of a certain book entitled "*Plutarch's Life of Alexander* – Sir Thomas North's Translation – Edited for Schools by H.W.M. Parr, M.A.," and that the respondents by the publication subsequently in the year 1918 of their aforesaid book entitled "*Plutarch's Life of Alexander the Great*, North's Translation" - edited with Introduction, Marginalia, Notes and Summary by A. Darby, M.A.", had infringed the copyright to which the appellants were entitled in the earlier compilation.

The text of the appellants' book consisted of a number of detached passages, selected from Sir Thomas North's Translation, words being in some instances introduced to knit the passage together so that the text should, as far as possible, present the form of an unbroken narrative. The passages so selected were, in the original translation, by no means contiguous. Considerable printed matter in many instances separated the one from the other. North's Translation consisted of 40,000 words; the text of the appellants' book contained half of them - i.e. 20,000 words, while the book published by the respondents contained not only the aforesaid 20,000 words but 7000 words in addition.

In addition to this text comprising the 20,000 words, the appellants' book contained much printed matter which was omitted from the respondents' book – namely, marginal notes, an introduction dealing with North's Translation and Alexander's place in history, an analysis of the book's contents, a chronological table setting forth the principal dates in Alexander's life, and a few short notes introduced into the text styled transition notes. The text was divided into six chapters; notes bearing on the text and a glossary were appended.

On October 14, 1917, notice had by order of the Syndicate of the Bombay University been published prescribing certain text-books in English which were required to be used for the matriculation examination to be held in this University in the year 1919. The appellants' book was included in that list. The title of the appellants' book gives an indication of the purpose for which it was compiled; but it does not clearly appear from the evidence what was the precise purpose or object of the appellants in limiting the text to 20,000 words and compressing it as they did. It may possibly have been that its length was so limited in order that its contents might be mastered in the time available for its study, and it also may have been limited because the appellants desired to exclude everything from it which might be of an indecent or indelicate character, or which it might be thought undesirable for schoolboys to peruse or study. It did not, it would appear to their Lordships, require great knowledge, sound judgment, literary skill or taste

to be brought to bear upon the translation to effect any of these objects, as the passages of the translation which had been selected are reprinted in their original form, not condensed, expanded, modified or reshaped to any extent whatever.

In or about the month of November, 1917, the respondents published a handbill headed "**Bombay Matriculation**, 1919. Now Ready. Poetical Series, etc." The last book mentioned in the list was the respondents' book entitled as already set forth, with an announcement that it would soon be ready. The following sentences were then added:

"In response to (illegible) should bring out reliable annotated editions of English texts prescribed for the Bombay matriculation examination, we have this time published such editions, in the confident hope that they will prove equally useful both to teachers and pupils. These editions will be found more useful than any published in England as having been specially prepared for Indian pupils, by those competent to understand their needs; and in every respect more reliable than similar editions brought out in this country by editors more or less incompetent for the task they undertake. As all our English Text-books will be ready in the beginning of the next month, teachers will be able to use at least some of them in the Pre-Matriculation Class. K. & J. Cooper, Educational Publishers, Bombay."

The respondents' publication is formed on precisely the same general plan as was that of the appellants. Its text consisted of a number of detached passages taken from North's Translation joined together, the preceding to the succeeding, by a few words where needed so as if possible, to give to the whole text the appearance of a consecutive narrative. Notes were also contained in the respondents' book which were in many instances servilely copied from those contained in the book of the appellants.

The learned judges in the Appellate Court were of opinion that the respondents intended and designed to publish a book which the student of the University would buy in preference to the book of the appellants, and that Mr. Cooper's evidence to the contrary was obviously false. Their Lordships entirely concur with the learned judges of the Appellate Court in the opinion they have formed on this point.

If the appellants were not entitled to a copyright in their book, or any material part of it, then the respondents were entitled to do what they have done. If, on the contrary, the appellants were entitled to a copyright in their book, or any material part of it which the respondents had practically copied, then the respondents were admittedly guilty of infringement. It is obvious, therefore, that the primary question to be determined on the appeal is whether the appellants were entitled to a copyright in the text of their book and in those notes attached to it, which latter the respondents had in many instances in effect copied.

During the course of the argument much discussion arose as to the result that would follow if North's Translation of Plutarch's Life was a publication which was actually the subject of copyright, or was capable of becoming so. These are interesting and rather difficult questions to solve; but their Lordships do not feel themselves called upon to attempt to solve them, because on

the facts of this case they do not arise. North's Translation of Plutarch's *Life of Alexander* does not and never do – and, as the law stands, never can – enjoy the protection of copyright; and the questions which arise for decision must be dealt with upon that assumption.

The books both of the appellants and the respondents have in the proceedings been styled abridgments. In the true sense of that word this is an absolute misnomer. Strictly speaking, an abridgment of an author's work means a statement designed to be complete and accurate of the thoughts, opinions and ideas by him expressed therein, but set forth much more concisely in the compressed language of the abridger. A publication like that of the appellants or respondents, the text of which consists of a number of detached passages selected from an author's work, often not contiguous, but separated from those which precede and follow them by considerable bodies of print knit together by a few words so as to give these passages, when reprinted, the appearance as far as possible of a continuous narrative, is not an abridgment at all. It only expresses, in the original author's own words, some of the ideas, thoughts and opinions set forth in his work. And it is obvious that the learning, judgment, literary taste and skill requisite to compile properly and effectively an abridgment deserving that name would not be at all needed merely to select such scraps as these taken from an author and to print them in a narrative form.

This point is well brought out in the following passages from the editions of **Copinger's Law of Copyright**, published in 1904 and 1915 respectively, i.e., before and after the Copyright Act of 1911. The passages are supported by the authorities relied upon in those editions. The first passage runs thus (p. 39): "To constitute a true and equitable abridgment, the entire work must be preserved in its precise import and exact meaning, and then the act of abridgment is an exertion of the individuality employed in moulding and transfusing a large work into a small compass, thus rendering it less expensive and more convenient both to the time and use of the reader. Independent labour must be apparent, and the reduction of the size and work by copying some of its parts and omitting others confers no title to authorship, and the result will not be an abridgment entitled to protection. To abridge in the legal sense of the word is to preserve the substance, the essence of the work in language suited to such a purpose, language substantially different from that of the original. To make such an abridgment requires the exercise of mind, labour, skill and judgment brought into play, and the result is not merely copying."

That passage is practically reprinted at p. 64 of the edition of 1915. At pp. 148 and 566 the following paragraphs are added. The first runs thus: "To constitute a proper abridgment, the arrangement of the book abridged must be preserved, the ideas must also be taken and expressed in language not copied but condensed. To copy certain passage and omit others so as to reduce the volume in bulk is not such an abridgment as the Court would recognise as sufficiently original to protect the author", and the second thus: "From the above cases it seems possible to draw the conclusion that the mere process of selecting passages from works readily accessible to the public is not, but that difficulty in obtaining access to the originals or skill manifested in making or arranging the selection is sufficient to give the character of an 'original literary work' to the selection."

The cases referred to in support of the above statements included most of those which had been previously decided: *Lamb v. Evans* [1893 1 Ch. 219] and *Walter v. Lane* [(1900) A.C. 539] amongst them.

The learned judges in the Appellate Court apparently came to the conclusion that a publication, the text of which consisted merely of a reprint of passages selected from the work of an author could never be entitled to copyright. Their Lordships are unable to concur in that view. For instance, it may very well be that in selecting and combining for the use of schools or universities passages of a scientific work in which the lines of reasoning are so closely knit and proceed with such unbroken continuity that each later proposition depends in a great degree for its proof or possible appreciation upon what has been laid down or established much earlier in the book, labour, accurate scientific knowledge, sound judgment touching the purpose for which the selection is made, and literary skill would all be needed to effect the object in view. In such a case copyright might well be acquired for the print of the selected passages.

Sec. 31 of the Copyright Act, 1911, provides that no person shall be entitled to copyright or any similar right in any literary, dramatic, musical or artistic work, whether published or unpublished, otherwise than under and in accordance with the provisions of this statute or any other statutory enactment for the time being in force. Copyright is therefore a statutory right. Sec. 1, sub-s. 1, of the Act enacts in respect of what it may be acquired; sub-s. 2 of the same section defines its meaning; s. 2 deals with the methods by which it may be protected, and the moral basis on which the principle of those protective provisions rests is the eighth commandment, "Thou shalt not steal." It is for this reason that Lord Halsbury begins his judgment in *Walter v. Lane* with the following words: "I should very much regret if I were compelled to come to a conclusion that the state of the law permitted one man to make a profit and to appropriate to himself what has been produced by the labour, skill and capital of another. And it is not denied that in this case the defendant seeks to appropriate to himself what has been produced by the skill, labour and capital of others. In the view I take of this case the law is strong enough to restrain what to my mind would be grievous injustice." It will be observed that it is the product of the labour, skill and capital of one man which must not be appropriated by another, not the elements, the raw material, if one may use the expression, upon which the labour and skill and capital of the first have been expended. To secure copyright for this product it is necessary that the labour, skill and capital expended should be sufficient to impart to the product some quality or character which the raw material did not possess, and which differentiates the product from the raw material. This distinction is well brought out in the judgment of that profound and accomplished lawyer and great and distinguished judge, Story J., in the case of *Emerson v. Davies*, Story's United States Reports Vol. 3, p. 768. Some of the points decided are stated in the headnote to be first, that any new and original plan, arrangement or combination of material will entitle the author to copyright therein, whether the materials themselves be old or new. Second, that whosoever by his own skill, labour and judgment writes a new work may have a copyright therein, unless it be directly copied or evasively imitated from another's work. Third, that to constitute piracy of a copyright it must

be shown that the original has been either substantially copied or to be so imitated as to be a mere evasion of the copyright. The plaintiff in the case had compiled and published a book entitled "*The North American Arithmetic*", described as containing elementary lessons by Frederick H. Amson, the purpose and object of the publication being to teach children the elements of arithmetic. The complaint was that the defendants on a date named had without the plaintiff's consent exposed for sale and sold fifty copies of the plaintiff's said work, purporting to have been composed by the defendant Davis, and had subsequently sold 1000 copies of the same. The main defence was that the book, copies of which were sold by the defendants, was composed by themselves, and that neither it nor any part of it was copied, adopted or taken from the plaintiff's book or any part thereof. The learned judge expressed himself thus (1) : "The book of the plaintiff is, in my judgment, new and original in the sense in which those words are to be understood in cases of copyright. The question is not whether the materials which are used are entirely new and have never been used before for the same purpose. The true question is whether the same plan, arrangement and combination of materials have been used before for the same purpose or for any other purpose. If they have not, then the plaintiff is entitled to a copyright, although he may have gathered hints for his plan and arrangement or parts of his plan and arrangement from existing and known sources. He may have borrowed much of his materials from others, but if they are combined in a different manner from what was in use before ... he is entitled to a copyright ... It is true that he does not thereby acquire the right to appropriate to himself the materials which were common to all persons before, so as to exclude those persons from a future use of such materials; but then they have no right to use such materials with his improvements superadded, whether they consist in plan, arrangement, or illustrations or combinations, for these are strictly his own... In truth, in literature, in science and in art there are and can be few, if any, things which, in an abstract sense, are strictly new and original throughout."

The learned judge then deals at length with many, indeed most, of the English authorities, and concludes with a remark in these words, which is singularly applicable to the present case : "I have bestowed a good deal of reflection upon this case, and at last I feel constrained to say that I am unable to divest myself of the impression that in point of fact the defendant Davies had before him, when he composed his own work, the work of the plaintiff, and that he made it his model and imitated it closely in his title or section of addition and in a great measure in that of subtraction also."

This decision is, of course, not binding on this tribunal; but it is, in the opinion of the Board, sound, able, convincing and helpful. It brings out clearly the distinction between the materials upon which one claiming copyright has worked and the product of the application of his skill, judgment, labour and learning to those materials; which product, though it may be neither novel nor ingenious, is the claimant's original work in that it is originated by him, emanates from him, and is not copied.

It was by confounding the materials with the product that Mr. Upjohn endeavoured to sustain the argument that if the appellants obtain copyright in their book any reprint of North's Translation would be an infringement of it under s. 8 of the Act of 1911.

Mr. Upjohn also contended, as their Lordships understood him, that Sir Arthur Wilson did not, in his judgment in the case of *Macmillan v. Suresh Chunder Deb* [ILR 17 C. 951 Cal] decide the question of the existence of copyright in the anthology entitled "The Golden Treasury of Songs and Lyrics"; but that assuming copyright existed he decided merely the question of the infringement of it. The question of the existence of copyright, however, was distinctly raised by the defendant in that case; and Sir Arthur Wilson is reported to have expressed himself thus concerning it (Ibid, 961): "And first I have to consider whether there is copyright in a selection. There has not, as far as I know, been any actual decision upon this question, but, upon principle, I think it clear that such a right does exist, and there is authority to that effect as weighty as anything short of actual decision can be." He then proceeds to state the law, as he conceived it to be, dealing with the existence of copyright in such work as the "Golden Treasury", in the following words: "In the case of works not original in the proper sense of the term, but composed of or compiled or prepared from materials open to all, the fact that one man has produced such a work does not take away from anyone else the right to produce another work of the same kind, and in doing so to use all the materials open to him. But, as the law is concisely stated by Hall V.-C. in *Hogg v. Scott* (L.R. 18 Eq. 444, 458), the true principle in all these cases is that the defendant is not at liberty to use or avail himself of the labour which the plaintiff has been at for the purpose of producing his work; that is, in fact, merely to take away the result of another man's labour or, in other words, his property."

Sir Arthur Wilson then points out that his principle applies to maps, guide books, street directories, dictionaries to compilations of scientific work and other subjects, and considers that it applies to a selection of poems. He then gives the reason why it applies to Mr. Palgrave's "Golden Treasury" in the following words: "Such a selection as Mr. Palgrave has made obviously requires extensive reading, careful study and comparison, and the exercise of taste and judgment in selection. It is open to anyone who pleases to go through a like course of reading, and by the exercise of his own taste and judgment to make a selection for himself. But if he spares himself this trouble and adopts Mr. Palgrave's selection he offends against the principle."

He then proceeds to quote the following passage from Lord Eldon's judgment in *Longman v. Winchester* (16 Ves. 269, 271), approved of by Lord Hatherley in *Spiers v. Brown* [(1858) 6 W.R. 352, 353]. "In the instance mentioned ... a work consisting of a selection from various authors, two men might perhaps make the same selection, but that must be by resorting to the original authors, not by taking advantage of the selection already made by another." Sir Arthur Wilson then adds: "I am of opinion that the selection of poems made by Mr. Palgrave and embodied in the 'Golden Treasury' is the subject of copyright, and that the defendant's book has infringed that right."

So far, therefore, from Sir Arthur Wilson not having decided the question whether or not the plaintiffs were entitled to copyright in the “Golden Treasury”, he expressly stated it was the first question he had to consider. He devoted the best part of a page of his judgment to dealing with it. He states explicitly that he was of opinion Mr. Palgrave’s selection embodied in the “Golden Treasury” was the subject of copyright and that the defendants had infringed his right, and, as was his custom and method, he expressed in clear, precise and appropriate language what were the grounds upon which this decision rested.

In *Walter v. Lane* [(1900) A.C. 539] all the relevant authorities on the question of acquisition of copyright down to August 6, 1900, appear to have been cited, and it was held that a person who makes notes of a speech delivered in public and transcribes them and publishes in a newspaper what purports to be a verbatim report of the speech, is the “author” of the report within the meaning of the Copyright Act of 1842, and is entitled to the copyright in the printed report, and can assign it. Lord Halsbury, in his judgment, when dealing with the true meaning of the word “author” used in the statute of 1842, points out that every man has a proprietary right in his own literary composition, and that copyright is the exclusive privilege of making copies of it created by this statute, which are two wholly different things, and should not be confounded, and restates the question for decision in these words (*Ibid*, 547): “The question here is solely whether this book, to use the words of the statute, printed and published and existing as a book for the first time, can be copied by someone other than the producers of it (I avoid the word author), by those who have not produced it themselves but have simply copied that which others have laboured to create by their own skill and expenditure.” And further on (*Ibid*, 549) he seems to express the view that if the skill, labour and accuracy of which he speaks be exercised to reproduce in writing spoken words in a book form, it is, as far as copyright in the written words is concerned, immaterial whether they be wise or foolish, accurate or inaccurate, of literary merit or of no merit at all. Lord Davey in his judgment pointed out that copyright is merely the right of multiplying copies of a published writing, and has nothing to do with the originality or literary merits of the author or composer, and that the appellant in that particular case only sought to prevent the respondents from multiplying copies of this (the appellant’s own report of the speech of Lord Rosebery) and availing himself for his own profit of the skill, labour and expense by which that report was produced and published.

The only other authority on the point of the acquisition of copyright to which it is necessary to refer is this case of *University of London Press v. University Tutorial Press*, [(1916) 2 Ch. 601, 608], in which Peterson J., dealing with the meaning of the words ‘original literary work’ used in s. 1, sub-s. 1, of the Act of 1911, says: “The word ‘original’ does not in this connection mean that the work must be the expression of original or inventive thought. Copyright Acts are not concerned with the origin of ideas, but with the expression of thought; and in the case of ‘literary work’, with the expression of thought in print or writing. The originality which is required relates to the expression of the thought; but the Act does not require that the expression must be in an original or novel form, but that the work must not be copied from another work -

that it should originate from the author.” In their Lordships’ view this is the correct construction of the words of s. 1, sub-s. 1, and they adopt it.

What is the precise amount of the knowledge, labour, judgment or literary skill or taste which the author of any book or other compilation must bestow upon its composition in order to acquire copyright in it within the meaning of the Copyright Act of 1911 cannot be defined in precise terms. In every case it must depend largely on the special facts of that case, and must in each case be very much a question of degree. But their Lordships have no hesitation in holding that there is no evidence in the present case to establish that an amount of these several things has been applied to the composition of the text of the appellants’ book, as distinguished from the notes contained in it, to entitle them to the copyright of it.

As to the notes it is altogether different. Their Lordships do not take the view that these notes are trifling in their nature or are useless. On the contrary, they think that the notes make the book more attractive, the study of it more interesting and informing, enhance its efficiency and consequently increase its value as an educational manual. Their Lordships are quite of opinion these notes were well chosen, were neatly condensed, were sufficiently copious, were accurate and must have required for the framing of them classical knowledge, literary skill and taste, labour and sound judgment as to what was fitting and useful to be brought to the notice of schoolboys and students about to enter the University. The respondents have not only copied but servilely copied many of these notes. There is no other way of accounting for the absolute verbal identity of some of the notes in both books.

The case of *Black v. Murray & Sons* [(9 Scotch Sess. Cas. (3rd Ser.) 341)] dealt with the alleged infringement of the copyright in a volume entitled “Minstrelsy of the Scottish Border.” The original edition was no longer protected by copyright, but a new edition was published to which valuable notes were added. Lord Kinloch, in delivering judgment, dealt with the question of the effect of these notes upon the edition in which they were printed, in a very clear and forcible judgment; he said

“I think it is clear that it will not create copyright in a new edition of a work of which the copyright has expired merely to make a few emendations of the text or to add a few unimportant notes. To create a copyright by alterations of the text these must be extensive and substantial practically making a new book. With regard to notes, in like manner they must exhibit an addition to the work which is not superficial or colourable, but imparts to the book a true and real value over and above that belonging to the text. This value may perhaps be rightly expressed by saying that the book will procure purchasers in the market on special account of these notes. When notes to this extent and of this value are added I cannot doubt that they attach to the edition the privilege of copyright. The principle of the law of copyright directly applies. There is involved in such annotation and often in a very eminent degree, an exercise of intellect and an application of learning which place the annotator in the position and character of author in the most proper sense of the word ... In every view the addition of such notes as I

have figured puts the stamp of copyright on the edition to which they are attached. It will still, of course, remain open to publish the text which *ex hypothesi* is the same as in the original edition. But to take and publish the notes will be a clear infringement.”

In *Jarrold v. Houlston* [(1857) 3 K & J 703] the plaintiffs were the publishers of a book written by Dr. Brewer called the Guide to Science. The Vice-Chancellor, Sir W. Page Wood, having fully ascertained the object with which this book was compiled and published and the sources from which Dr. Brewer obtained the information necessary to enable him to write it, stated these matters in the following passage and laid down the principle of law applicable to the facts. He said : “If any one by pains and labour collects and reduces into the form of a systematic course of instruction those questions which he may find ordinary persons asking in reference to the common phenomena of life, with answers to those questions and explanations of those phenomena, whether such explanations and answers are furnished by his own recollection of his former general reading or out of works consulted by him for the express purpose, the reduction of the questions so collected with such answers under certain heads and in a scientific form, is amply sufficient to constitute an original work of which the copyright will be protected. Therefore, I now have no hesitation in coming to the conclusion that the book now in question is in that sense an original work and entitled to protection.” The defendants were publishers of a book called “The Reason Why”, which was published in parts styled lectures. The Vice-Chancellor held that the second lecture contained piratical matter, as did also apparently all the lectures from Nos. 3 and 5 to 25 inclusive. The Vice-Chancellor made an order restraining the defendants from publishing the book “containing the lectures numbered 2, 3, and from 5 to 25 inclusive.”

Their Lordships have come to the conclusion that the appellants are not entitled to a copyright in the text of their book extending from p. 1 to p. 82 therefore both inclusive, but are entitled to copyright in the notes printed in pp. 83 to 94, both inclusive. They will therefore humbly advise His Majesty that the decree of the High Court in its Appellate Jurisdiction, dated October 13, 1921, should be set aside with costs, and that the decree of Fawcett J. of March 10, 1921, should be amended by inserting after the words “mentioned in the plaint herein” the words “containing the notes and glossary printed on pp. 83 to 94, both inclusive, of the said book or any of them, or any portion or portions of the said notes or any passage or passages from the same”, and directing that the respondents should pay to the appellants all the costs of the hearing of the action before that judge, and that subject to these amendments that the decree of the first Court ought to be affirmed.

Under the circumstances the parties will bear their own costs of this appeal.

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Amar Nath Sehgal v. Union of India

117 (2005) DLT 717, 2005 (30) PTC 253 Del

CORAM:

Pradeep Nandrajog, J.:

1. The genesis of the case can be traced back to 1957 when the plaintiff, Amar Nath Sehgal, received a communication from the Central Public Works Department (CPWD). It read as under: CENTRAL PUBLIC WORKS DEPARTMENT No. 47/2/57-WI Dated New Delhi, 16 July, 1957 To Shri A.N. Saigal, 192-193, Constitution House, Curzon Road, New Delhi.

“Dear Sir, You are probably aware that the Govt. of India have set up a Decoration Committee to suggest and advise on the decoration work to be done in important public buildings in this country.....in their sixth meeting held on 26.4.57 the Decoration Committee considered the proposal for the decoration of the Vigyan Bhawan and recommended that on the inside of the external walls of the foyer on the ground floor the decoration work should consist of wire sculpture extending from the staircase right up to the lifts. The Committee recommend your name for the job. Hence, I would request you please to let us know whether you will undertake the job and also give your quotation for doing the work..... We will need your preliminary desire for the proposed decoration work for which you will be paid Rs.300/- as token amount to cover your requests etc”. Yours faithfully, sd/- for Chief Engineer.”

2. Plaintiff readily agreed to the offer as it was a matter of honour to accomplish the task. Research and untiring work, spanning over half a decade produced a piece of art, a bronze mural sculpture, manifesting itself having 140 ft. span and 40 ft. which was placed on the wall of the lobby of Vigyan Bhawan.

3. The mural continued to occupy its place at the lobby till 1979 when it was pulled down and consigned to the store room. This act of destruction of the mural was without the permission, consent or authorization of the plaintiff. The plaintiff thus was left with no alternative, but to approach the Court. The present suit was filed praying for declaration that the plaintiff's special rights under Section 57 of the Copyright Act, 1957 were violated by the defendants, for which the defendants should tender an apology. A permanent injunction was prayed for to restrain the defendants from further distorting, mutilating or damaging the plaintiff's mural. Damages in the sum of Rs.50 lakhs towards compensation for humiliation, injury, insult and loss of plaintiff's reputation were prayed for. Lastly, decree for delivery-up directing the defendants to return to the plaintiff the mural for restoration at the cost of defendants was sought.

4. Union of India defended the suit by urging that it was the owner of the mural and had a right to consign the same to a store room. Plaintiff was stated to have been paid the price for the work. The defence of limitation was also set up that the mural was removed in the year 1979 and the suit being filed in the year 1992 was barred by limitation.

5. Following issues were framed:

- 1) Whether the suit is barred by limitation?
- 2) Whether the plaintiff has rights under Section 57 of the Copyright Act, 1957 in the impugned work although the copyright in the same has been vested to the defendant?
- 3) Has the defendant violated the plaintiff's rights under Section 57 of the said Act?
- 4) Whether the plaintiff has suffered any damage?
- 5) Relief.

Decision:

Issue no.1

6. Defendants pleaded that cause of action was in the year 1979 and that the suit was barred by limitation since period of limitation was three years. The plaintiff, however, pleaded that after the mural was removed, the plaintiff approached various functionaries of the Government of India for redressal and at no stage the government of India unequivocally refused the claim of the plaintiff of having moral rights in the integrity of the mural. It was non-redressal which led to the filing of the suit. The court agreed with the plaintiff that since the suit was one for violation of his moral rights which would last for his lifetime and having not waived the same, the suit could not be said to be barred by limitation.

Issue no. 2 & Issue no. 3

7. When an author creates a work of art or a literary work, it was possible to conceive of many rights which may flow. The first right was the "Paternity Right" in the work, *i.e.*, the right to have his name on the work. It may also be called the 'identification right' or 'attribution right'. The second right was the right to disseminate his work *i.e.*, the 'divulgarion or dissemination right'. It would embrace the economic right to sell the work for valuable consideration. A third right could be right to integrity. Treatment of a work which was derogatory to the reputation of the author, or which degraded the work as conceived by the author can be objected to by the author. Lastly, a right to withdraw from publication one's work, if author feels that due to passage of time and

changed opinion it is advisable to withdraw the work. This would be the authors right to "retraction."

8. The International Standards for moral rights protection of the author was laid down under the 'Berne Convention for the Protection of Literary and Artistic Works'. Article 6bis of the Berne Convention enjoined the members of the Berne Union to provide legal recognition for the moral rights of attribution and integrity. It read as:

"(1) Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honour or reputation.

(2) The rights granted to the author in accordance with the preceding paragraph shall, after his death, be maintained, at least until the expiry of the economic rights, and shall be exercisable by the persons or institutions authorised by the legislation of the country where protection is claimed. However, those countries whose legislation, at the moment of their ratification of or accession to this Act, does not provide for the protection after the death of the author of all the rights set out in the preceding paragraph may provide that some of these rights may, after his death, cease to be maintained.

(3) The means of redress for safeguarding the rights granted by this Article shall be governed by the legislation of the country where protection is claimed."

9. As formulated in the Berne Convention, vindication of moral rights, being hedged with the precondition of proof of negative impact on the authors reputation, somewhat restricted the span and sweep of the moral right. It was argued by some that where a work is destroyed, since it no longer existed and cannot therefore be viewed by anyone, where was the occasion for prejudice to the authors reputation? The opponents of the narrow view would argue that deletion to, or mutilation was after all 'a treatment of a work' and so was 'destruction'. They argued that mutilation is nothing but destruction so as to render the work imperfect.

10. Section 57 of the Copyright Act, 1957 in India would be the key to open the door of the dispute raised in the present suit. Section 57 as originally enacted read as under:-

"Author's special rights. -(1) Independently of the author's copyright, and even after the assignment either wholly or partially of the said copyright, the author of a work shall have the right to claim the authorship of the work as well as the right to restrain, or claim damages in respect of-

(a) any distortion, mutilation or other modification of the said work; or

(b) any other action in relation to the said work which would be prejudicial to his honour or reputation.

(2) The right conferred upon an author of a work by sub-section (1), other than the right to claim authorship of the work, may be exercised by the legal representatives of the author.

11. The legislature thought that the existing provisions were in excess of the requirement of Berne Convention. The provision as initially enacted included 'prejudicial to his honour or reputation' as a qualifying condition only in case of section 57(1)(b) and not in case of any distortion, mutilation or other modification of the said work and hence it was amended to read as:

"57. Author's special rights. -(1) Independently of the author's copyright, and even after the assignment either wholly or partially of the said copyright, the author of a work shall have the right -

(a) to claim the authorship of the work; and

(b) to restrain, or claim damages in respect of any distortion, mutilation, modification or other act in relation to the said work which is done before the expiration of the term of copyright if such distortion, mutilation, modification or other act would be prejudicial to his honour or reputation.

Provided that the author shall not have any right to restrain or claim damages in respect of any adaptation of a computer programme to which clause (aa) of sub Section (1) of Section 52 applies.

Explanation - Failure to display a work or to display it to the satisfaction of the author shall not be deemed to be an infringement of the rights conferred by this section.

(2) The right conferred upon an author of a work by sub-section (1), other than the right to claim authorship of the work, may be exercised by the legal representatives of the author."

12. Post amendment, the legislature restricted the right of the author to claim damages or to seek an order of restrain. Further, proof of prejudice to the author's honour or reputation had been made the *sine qua non* for claiming damages.

13. As opined by Mira T. Sundara Rajan in an article published in the International Journal of Cultural Property. Vol.10. No. 1, 2001 pp. 79-94 Moral Rights and the Protection of Cultural Heritage:

"The rights of attribution and integrity are particularly apposite to the cultural domain. Apart from the interests of individual authors in maintaining their standing and reputation, these moral rights are closely linked to a public interest in the maintenance of historical truth and cultural knowledge. Moral rights also promote the development of a social attitude of respect toward individual creativity. While authors must accept the responsibilities which accompany the

privileges of creative work, is incumbent upon both the public and the state to acknowledge the value of artists' contributions to cultural heritage."

14. The court held there was urgent need to interpret Section 57 of the Copyright Act, 1957 in its wider amplitude to include destruction of a work of art, being the extreme form of mutilation and it affects his reputation prejudicially as being actionable under said section. Under orders passed by the Court, physical condition of the mural in question was directed to be reported. The report revealed a massive destruction of the mural.

15. Issues No. 2 and 3 were accordingly decided in favour of the plaintiff and against the defendants. It was held that the plaintiff had a cause to maintain an action under Section 57 of the Copyright Act, 1957 notwithstanding that the copyright in the mural vested in the defendants. It was further held that the defendants had not only violated the plaintiff's moral right of integrity in the mural but had also violated the integrity of the work in relation to the cultural heritage of the nation.

Issue no. 4 & Issue no. 5

16. The plaintiff prayed for a decree directing the defendants to return to the plaintiff the remnants of the mural with further declaration that the defendants would have no right in the same as also a declaration that the plaintiff would have a right to recreate the mural at any other place anywhere in the world including the right to sell the same. Alternatively, damages were sought.

17. The court held that the mural, whatever be its form was too precious to be reduced to scrap and languish in the warehouse of the Government of India. It was only the plaintiff who had a right to recreate his work and, therefore, had a right to receive that the broken down mural. Plaintiff also had a right to be compensated for loss of reputation, honour and mental injury due to the offending acts of the defendants.

18. Relief:

(a) A mandatory injunction directing the defendants to return to the plaintiff the remnants of the mural within 2 weeks from the date of order.

(b) Declaration granted in favour of the plaintiff and against the defendants that all rights in the mural was henceforth to be vested in the plaintiff and the defendants would have no right whatsoever in the mural.

(c) Declaration granted in favour of the plaintiff that he would have an absolute right to recreate the mural at any place and would have the right to sell the same.

(d) Damages in the sum of Rs.5 lakhs were awarded in favour of the plaintiff and against the defendants. If not paid within one month from the date of order, the damages would carry simple interest @ 9% p.a. from the date of order till date of payment.

(e) Costs shall follow in favour of the plaintiff and against the defendants.

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***Chancellor, Masters & Scholars of University of Oxford & Ors. v.
Rameshwari Photocopy Services & Ors.***

RFA(OS) No.81/2016

CORAM:

PRADEEP NANDRAJOG, J. AND YOGESH KHANNA, J.

PRADEEP NANDRAJOG, J.

1. We shall be referring to the parties by their nomenclature in the suit. The appellants are the plaintiffs. The respondents are the defendants. The dispute before the learned Single Judge concerned photocopying of pages from the copyrighted publications of the plaintiffs; namely (i) Oxford University Press; (ii) Cambridge University Press, United Kingdom; (iii) Cambridge University Press India Pvt. Ltd.; (iv) Taylor & Francis Group, U.K.; and (v) Taylor & Francis Books India Pvt. Ltd. The first defendant, Rameshwari Photocopy Services has a shop licensed to it within the precincts of the Delhi School of Economics (University of Delhi). Albeit with an initial denial by the University of Delhi, the ultimate picture which emerged was that the professors imparting teaching in the Delhi School of Economics had authorized preparation of course packs and Rameshwari Photocopy Services was entrusted with the task of photocopying the pages from the books published by the plaintiffs, and after binding the same, to supply them to the students charging 50 paisa per page. Though not a part of the pleadings of the parties, access to the website of the plaintiffs gives valuable data concerning the number of pages comprising the publications, the price thereof in the paperback edition as also the hardcover edition. The number of pages copied and bound in the course pack have been pleaded in the plaint.

2. For record it be noted that vide order dated March 01, 2013, allowing IA No.3454/2013 filed by the Association of Students for Equitable Access to Knowledge (ASEAK), the Association was impleaded as defendant No. 3. Thereafter, vide order dated April 12, 2013 allowing IA No.5960/2013, Society for Promoting Educational Access and Knowledge (SPEAK) was impleaded as defendant No.4.

3. It is the case of the plaintiffs that the inclusion of specific pages of its publications by Rameshwari Photocopy Services, under the authority of the Delhi School of Economics, amounts to institutional sanction for infringement of its copyright. It is the further case of the plaintiffs that the professors of the Delhi School of Economics, through its Library, issued the books published by the plaintiffs to Rameshwari Photocopy Services for preparing course packs. It is the case of the plaintiffs that the course packs, which contain no additional material apart from photocopies of its copyrighted publications, were being used like textbooks and therefore, the compilations prepared were competing with the publications of the plaintiffs. According to the plaintiffs, Rameshwari Photocopy Services was operating commercially as was evident from the rate charged by it for selling the course pack is 40/50 paisa per page, as distinct from the market rate of 20/25 paisa per page being charged by other photocopiers from the students while

photocopying material given by the students to be photocopied. Anticipating that the defence would be predicated under Section 52(1)(i) of the Copyright Act, 1957, the plaintiffs have pleaded that Section 52(1)(i) was not applicable since reproduction by Rameshwari Photocopy Services, with the assistance of Delhi School of Economics, could not be classified as reproduction by a teacher or a pupil in the course of instruction. Additionally/alternatively the reproduction in the manner carried out by Rameshwari Photocopy Services if held falling within the ambit of Section 52(1)(i) would render Section 52(1)(h) superfluous was the contention. Meaning thereby, the plaintiffs had required the two sub-Sections to be harmonized. The plaintiffs have further pleaded that Section 52(1)(i) only covered reproduction ‘in the course of instruction’ and not ‘in the course of preparation for instruction’ as was evident from the replacement of the expression “in the course of preparation for instruction” in the Bill which was tabled before the Legislature with the expression “in the course of instruction” in the Act as finally promulgated upon the Bill being adopted; with modifications by the Legislature. According to the plaintiffs, reproduction by Rameshwari Photocopy Services fell within the ambit of Section 52(1)(h) and would have to be limited to two passages from works by the same author published by the same publisher during any period of five years as provided under the sub-Section. According to the plaintiffs, such an interpretation was buttressed by Article 9 and Article 10 of the Berne Convention, 1886 as well as Article 13 of the Agreement on Trade-Related Aspect of Intellectual Property Rights, 1995. Relying upon the decisions reported as 99 F.3d 1381 *Princeton University Press v. Michigan Document Services Inc.*, 2012 SCC 37 *Province of Alberta v. Canadian Copyright Licensing Agency* and 758 F. Supp. 1522 *Basic Books Inc. v. Kinko’s Graphics Corporation*, the plaintiffs pleaded that in order to equitably balance the interests of academic publishers and students, the University must be directed to obtain licenses from the Indian Reprographic Rights Organization (IRRO) in order to reproduce extracts from the books published by academic publishers : given that academic institutions are the only market for academic books published by academic publishers and if unrestricted reproduction from these books are allowed the academic publishing business would suffer irreparable loss. Relying upon the decision reported as (2001) Chancery 143 *Hyde Park Residence Ltd. v. Yelland*, the plaintiffs pleaded that relief cannot be denied on the ground of ‘public interest’; when exceptions to public interest had been delineated in the statute itself.

4. Rameshwari Photocopy Services contested the copyright of the plaintiffs in the books from which the course packs were prepared. Rameshwari Photocopy Services pleaded that the preparation of course packs by it amounts to fair use within the meaning of Sections 52(1)(a) and (h) of the Copyright Act, 1957. (We are surprised as to why right under Section 52(1)(i) was not predicated for the reasons as would be evident from the decision of the learned Single Judge the debate principally centred around said sub-Section). Rameshwari Photocopy Services pleaded that its activity does not affect the market for the plaintiffs’ books since it charges a nominal rate for its services as fixed by the License Deed executed between the Delhi School of Economics and Rameshwari Photocopy Services. As per it, the students cannot afford to buy all the books, extracts of which were mentioned in the syllabi prepared by the Delhi School of Economics.

5. Apart from adopting the stand taken by Rameshwari Photocopy Services, in its written statement, the University of Delhi pleaded that Section 52(1)(i) of the Copyright Act, 1957 permits students and educational institutions to copy portions from any work for research and educational purpose. The University pleaded that Rameshwari Photocopy Services has been licensed by it to operate a photocopy shop within its premises in order to facilitate photocopying by students for educational and research purpose. Denying issuing books to Rameshwari Photocopy Services for the purposes of preparation of course packs, the University pleaded that no limitation on the quantum of reproduction under Section 52(1)(i) has been provided under the Copyright Act, 1957 and because Section 52(1)(i) covers reproduction for educational purposes, unlimited photocopying would be permitted. For which argumentative pleadings reference to the limitation of two passages provided under Section 52(1)(h) was highlighted. The argument was that wherever the legislature had deemed fit, it had limited the extent of the copying which was permissible. It was argued, by way of pleading, that the term ‘reproduction’ used in Section 52(1)(i) was distinct from the term ‘publication’ used in Section 52(1)(h), with Section 3 of the Act defining ‘publication’ as making a work available to the ‘public’, with the term ‘public’ having a wider connotation than the term ‘students’ and therefore, Section 52(1)(h) would not be applicable to preparation of course packs to be used by students for an educational purpose. The University pleaded that the expression ‘course of instruction’ must be interpreted expansively. It pleaded that both the Berne Convention and the TRIPS Agreement, permit signatory nations to make reasonable exceptions to copyright and the educational exception created under Section 52(1)(i) was such a reasonable exception.

6. Relying upon *Province of Alberta* (supra), SPEAK pleaded that the market for the plaintiffs’ books are not affected by preparation of course packs by Rameshwari Photocopy Services since these course-packs contain only small portions from the books in question; carry an independent user right and in any case students would not be able to purchase all the books. Only extracts have been prescribed in the syllabi of the Delhi School of Economics. Relying upon *Longman Group Ltd.* (supra), SPEAK pleaded that the expression ‘course of instruction’ could not be limited to the time period of instruction in a classroom. SPEAK pleaded that the minority opinion, as opposed to the majority opinion, in *Princeton University Press* (supra) would be applicable in the Indian context; wherein it was held by the minority that the identity of the person operating the photocopy machine would not be material since the effect of commercial photocopying in bulk quantities was the same as photocopying by each student acting separately. Relying upon *Province of Alberta* (supra), SPEAK pleaded that Section 52 of the Copyright Act, 1957 was not to be interpreted as a proviso to Section 51 and therefore, there was no requirement to give a restrictive interpretation to the rights granted therein. SPEAK pleaded that given the beneficial nature of the Copyright Act, 1957; which seeks to promote creation and dissemination of knowledge in society by balancing the interests of creators of works with the society at large, Section 52(1)(i), which covers the preparation of course-packs by the Rameshwari Photocopy Services, with the co-operation of University of Delhi, must be interpreted widely. According to SPEAK, the term ‘reproduction’ used in Section 52(1)(i) was distinct from the term ‘publication’

used in Section 52(1)(h), and Section 52(1)(h) would not be applicable to the preparation of course packs by photocopying of copyrighted work for educational purpose, since the Section related to preparation of guide books by third persons, who were neither teachers nor pupils.

7. Relying upon the dictionary meaning of the word ‘instruction’ and definition of the term ‘lecture’ in Section 2(n) of the Copyright Act, 1957, ASEAK pleaded that the term ‘in the course of instruction’ must have a wider import than mere classroom teaching and would include all instruction given by teachers to the pupils during the academic session.

8. Recording that the learned senior counsel appearing for the University of Delhi had taken the stand that the University assumed full responsibility for the preparation of the course packs by Rameshwari Photocopy Services, the learned Single Judge has opined that this stand amounts to the University of Delhi and Rameshwari Photocopy Services giving up the plea of disputing the copyright claimed by the plaintiffs and since the University of Delhi, would be a ‘State’ under Article 12 of the Constitution of India, it could not be seen as violating the Copyright Act, 1957 by infringing the copyright, regardless of the identity of the person in whom such copyright vested. According to the learned Single Judge, the issue in dispute, whether the preparation of the course packs by the University of Delhi and Rameshwari Photocopy Services amounted to infringement of the plaintiffs’ copyright, was a question of law not warranting a trial.

9. Referring to Section 13, Section 14, Section 16 and Section 51 of the Copyright Act, 1957, wherein right of the copyright holder have been recognized, the learned Single Judge has noted Section 52 thereof which, if we may use the expression, makes particular use of a copyrightable work non-actionable or to put it differently could be said to be without limiting the rights of the copyright holder permitting use of a copyrightable work by the members of the society without any limitation; and the decisions reported as (2007) 140 DLT 758 *Time Warner Entertainment Company, L.P v. RPG Netcom*, (2008) 13 SCC 30 *Entertainment Network (India) Ltd. v. Super Cassettes Industries Ltd.* and (2016) 2 SCC 521 *Krishika Lulla v. Shyam Vithalrao Devkatta*, wherein copyright was held to be a statutory right subject in its operation to the provisions of the Copyright Act, 1957, the learned Single Judge has opined that copyright has been converted from a natural/common law right into a statutory right by the Copyright Act, 1957. Consequently, unless it could be proved that the University of Delhi and Rameshwari Photocopy Services had infringed the copyright of the plaintiffs within the meaning of infringement under the Copyright Act 1957, no action for infringement would lie against them.

10. Relying upon the decisions reported as 1925 Ch. 383 *British Oxygen Company Ltd. v. Liquid Air Ltd.* and (2009) 3 Arb LR 486 *Continental Telepower Industries Ltd. v. Union of India*, the learned Single Judge has opined that the right to ‘reproduce the work’ which has been vested exclusively in the owner of the copyright under Section 14(a)(i) would include within its ambit the right to make photocopies of the copyrighted work. The learned Single Judge has opined that this conclusion was buttressed given that while the term ‘reproduce’ had not been defined in the Copyright Act, 1957, Section 2(hh) which defines ‘duplicating equipment’, Section 2(s) which defines ‘photograph’ and Section 2(x) which defines ‘reprography’, contemplate the process of copying. Therefore, according to the learned Single Judge, the act of making of photocopies of

copyrighted material would amount to infringement of the copyright under Section 51, unless Section 52 could be shown to be applicable. According to the learned Single Judge, a conjoined reading of Section 14(a)(i), Section 51(a)(i) and Section 2(m) makes it evident that infringement of a copyright would be complete upon the reproduction of the work and would not require distribution of the reproductions. The learned Single Judge has held that even the issue of copies of a copyrighted work to the public would constitute infringement of copyright under Section 14(a)(ii) read with Section 51(a)(i), and condition that such issue of copies need to be for consideration had not been put under Section 14(a)(ii) read with Section 51(a)(i). According to the learned Single Judge, the principle of exhaustion encapsulated in the Explanation to Section 14 provides that a copy once sold is deemed to be a copy already in circulation within the meaning of Section 14(a)(ii) and thus issuing such copy would not amount to infringement. But that the principle of exhaustion does not enlarge the scope of the right of a purchaser to 'issue copies of the work to the public' to include making of copies of the copyrighted work. The learned Single Judge has opined that as per Section 14(a)(ii) and (b), facilitation of infringement or dealing in infringing copies of a copyright constitute infringement only when such facilitation or dealing is carried out with a commercial intent. Relying upon the decision reported as (1995) 4 SCC 572 *Nand Kishore Mehra v. Sushil Mehra*, the learned Single Judge has opined that the scheme of the Copyright Act, 1957, as evident from a reading of Sections 2(m), Section 14, Section 16 and Section 51(a)(i) gives rise to the conclusion that Section 52 cannot be read as a proviso to Section 51 of the Copyright Act, 1957. According to the learned Single Judge, under Section 52 certain acts are declared as not constituting infringement of copyright, and therefore, these acts do not fall within the ambit of Section 14, which enumerates acts which can be performed exclusively by the owner of the copyright. Consequently, according to the learned Single Judge, since acts enumerated under Section 52 are outside the scope of Section 14, the performance of these acts cannot be an infringement of a copyright under Section 51. Accordingly, the learned Single Judge has held that Section 52 could not be read as a proviso to Section 51, and the rights of the persons mentioned therein had to be read expansively.

11. Recording that the case of the defendants could lie perhaps only under Clauses (h), (i) and (j) of sub-Section (1) of Section 52 of the Copyright Act, 1957, the learned Single Judge held, relying upon the decisions reported as AIR 1961 SC 1170 *J.K. Cotton Spinning & Weaving Mills Cp. Ltd. v. State of U.P.* and (2014) 8 SCC 319 *Commercial Tax Officer v. Binani Cements Ltd.*, that Clause (a) of sub-section (1) of Section 52, which was a general provision, would not operate to widen or restrict the scope of Clauses (h), (i) and (j) of sub-Section (1) of Section 52, which were special provisions covering the field of education/instruction. The learned Single Judge has opined that clause (h) would not be applicable to the preparation of course packs by Rameshwari Photocopying Services, since Section 52(1)(h) would be applicable only where there was: (i) 'publication' of a collection, and (ii) comprising mostly of non-copyrighted material. According to the learned Single Judge, the context of the use of the term 'publication' in Section 4 and Section 5 of the Copyright Act, 1957 as well as the lack of the use of the term in Section 14 gave rise to the inference that the term 'publication' was to be interpreted as preparation and issuing of

material for public sale and would not include the photocopying and issuing of a work to students for purposes of teaching. Relying upon Explanation (d) to Section 32, wherein the phrase ‘purposes of teaching, research and scholarship’ has been defined as ‘(i) purposes of instructional activity at all levels in educational institutions, including Schools, Colleges, Universities and tutorial institutions; and (ii) purposes of all other types of organized educational activity’, as well as decisions reported as 1981 Supp SCC 87 *S.P. Gupta v. President of India* and (2003) 4 SCC 601 *State of Maharashtra v. Dr. Praful B. Desai*, wherein the Supreme Court held that statutes must be interpreted keeping in mind contemporary societal realities, the learned Single Judge has opined that notwithstanding the difference in the wordings of Clauses (j) and (i) of sub-section (1) of Section 52, wherein while Clause (j) used the term ‘educational institution’, Clause (i) only used the terms ‘teacher’ and ‘pupil’, given that education in the country had long been institutionalized, Section 52(1)(i) would not be limited to reproduction in the course of individualized teacher-student interactions and would apply to reproduction by educational institutions in the course of instruction as well.

12. Noting that the term ‘instruction’ had not been defined in the Copyright Act, 1957, the learned Single Judge negated the plea of the plaintiffs that the term ‘instruction’ used in Clause (i) of sub-Section (1) of Section 52 ought to be interpreted to mean the imparting of instruction in classrooms or tutorials, and thus opined that such a limited interpretation of the term ‘instruction’ would mean that the term was synonymous to the term ‘lecture’, as defined in Section 2(n) of the Act; and if the legislature had intended such a narrow interpretation, it would have simply used the term ‘lecture’ in Clause (i) of sub-Section (1) of Section 52. Relying upon the dictionary meaning of the term ‘instruction’ as well as the decisions reported as ILR 2009 Karnataka 206 *B.K. Raghu v. The Karnataka Secondary Education Examination Board* and AIR 1960 Bom 58 *Bombay Municipal Corporation v. Ramchandra Laxman Belosay*, the learned Single Judge has opined that the term ‘instruction’ was of wide import and would include anything that ‘a teacher tells the student to do in the course of teaching or detailed information which a teacher gives to a student or pupil to acquire knowledge of what the student or pupil has approached the teacher to learn. ‘Noting that the term ‘instruction’ in Section 52(1)(i) was preceded by the expression ‘in the course of’, the learned Single Judge posed a single query to the participants whether the interpretation of the term ‘in the course of’ would determine whether the scope of the term ‘instruction’ was limited to imparting instructions within the classroom or whether it had a wider import.

13. Relying upon the decisions reported as AIR 1953 SC 333 *State of Travancore-Cochin v. Shanmugha Vilas Cashewnut Factory Quilon*, (1969) 2 SCC 607 *Mackinnon Mackenzie and Co. (P) Ltd. v. Ibrahim Mahmmmed Issak*, (1996) 6 SCC 1 *Regional Director, E.S.I. Corporation .v. Francis De Costa*, (1989) 1 SCC 760 *Commissioner of Income Tax, New Delhi Vs. East West Import and Export (P) Ltd.* and AIR 1973 Ori 244 *Registrar of the Orissa High Court v. Baradakanta Misra*, the learned Single Judge held that the expression ‘in the course of’ was to be interpreted as (i) integral part of continuous flow; (ii) connected relation; (iii) incidental; (iv) causal relationship; (v) during (in the course of time, as time goes by); (vi) while doing; (vii)

continuous progress from one point to the next in time and space; and, (viii) in the path in which anything moves'. Accordingly, the learned Single Judge concluded that the expression 'in the course of instruction' had to be interpreted widely and would include 'reproduction of any work while the process of imparting instruction by the teacher and receiving instruction by the pupil continues i.e. during the entire academic session for which the pupil is under the tutelage of the teacher and that imparting and receiving of instruction is not limited to personal interface between teacher and pupil but is a process commencing from the teacher readying herself/himself for imparting instruction, setting syllabus, prescribing text books, readings and ensuring, whether by interface in classroom/tutorials or otherwise by holding tests from time to time or clarifying doubts of students, that the pupil stands instructed in what he/she has 'approached the teacher to learn. The learned Single Judge further added the reasoning that even if the term 'instruction' was given a limited scope, the generality of the term 'in the course of 'would widen the scope of the phrase in the course of instruction' to reproduction by teachers and pupils pre and post lecture.

15. Examining the relationship between Rameshwari Photocopy Services and the Delhi School of Economics, the learned Single Judge opined that making of multiple copies by photocopying copyrighted material by the University, being in the course of instruction was permissible under the Copyright Act, 1957, holding further that it was immaterial whether the University carried out the photocopying through its employees or outsourced this work to a contractor. The learned Single Judge has further opined that since it was not the case of the plaintiffs that entire books published by them were being photocopied and offered for sale, and in any case, the students of Delhi School of Economics could not be regarded as potential customers of the plaintiff's books since it could not be expected that students would buy all the books, portions of which had been prescribed as part of the syllabus, Rameshwari Photocopy Services and Delhi School of Economics could not be called competitors of the plaintiffs. The learned Single Judge opined that the price being charged by Rameshwari Photocopy Services for its services was not competitive with the price being charged by the plaintiffs for their books and therefore, it could not be said that Rameshwari Photocopy Services was operating commercially.

17. We propose to pose the legal issue which arises for consideration in a simple language. The legal issue would be the interpretation of Section 52(1)(i) of the Copyright Act, 1957 because the defendants admit photocopying from the publications, pages in different proportions vis-à-vis the complete text of the book, and in respect of which we have enlisted the data in paragraph 1 above. The issue would be: Whether the right of reproduction of any work by a teacher or a pupil in the course of instruction is absolute and not hedged with the condition of it being a fair use. This would subsume a sub-question: What is the span of the phrase 'by a teacher or a pupil in the course of instruction' in Section 52(1)(i)(i). Sub issues arising regarding 'reproduction' and 'publication' shall be discussed at the appropriate places.

18. These are the two questions which were principally debated, and the task of answering the two by no means would be simple because it would require an understanding of the other related provisions in the Act and ascribing a meaning to the words and expressions used therein, for the

reason a statute has to be read harmoniously, within the confines of the legislative policy, with rights and obligations created under the Act to be harmonized if there is fuzziness found.

19. Whilst it is true that winds from across the border should be welcome in a country, but care has to be taken to retain the fragrance thereof and filter out the remainder. Reference to foreign case law while interpreting a municipal statute has to be with care and caution. Language used in a statute covering a field of law in different municipal jurisdictions may be different and we caution ourselves that some minor points of details here and there and difference in the language here and there may assume importance.

21. Section 52(1)(a), (h) and (i) of the Copyright Act, 1957 read as under:- 52. Certain acts not to be infringement of copyright- (1) The following acts shall not constitute an infringement of copyright, namely:- (a) a fair dealing with any work, not being a computer programme, for the purposes of- (i) private or personal use, including research; (ii) criticism or review, whether of that work or of any other work; (iii) the reporting of current events and current affairs, including the reporting of a lecture delivered in public. x x x (h) the publication in a collection, mainly composed of non-copyright matter, bona-fide intended for instructional use, and so described in the title and in any advertisement issued by or on behalf of the publishers, of short passages from published literary or dramatic works, not themselves published for such use in which copyright subsists: Provided that not more than two such passages from works by the same author are published by the same publisher during any period of five years. Explanation- In the case of a work of joint authorship, references in this clause to passages from works shall include references to passages from works by any one or more of the authors of those passages or by any one or more of those authors in collaboration with any other person. x x x (i) the reproduction of any work- (i) by a teacher or a pupil in the course of instruction; or (ii) as part of the questions to be answered in an examination; or (iii) in answers to such question;

22. The learned Single Judge has highlighted that whereas clause (h) uses the word 'publication', clause (i) uses the word 'reproduction' and has held that the concept of publication would be the preparation and issuing of material for public sale and would exclude use by students for teaching purpose. The word 'reproduction' which finds a purpose in clause (i) has been given its ordinary meaning by the learned Single Judge (though not expressly so stated in the impugned judgment).

23. Whereas Sh. Sudhir Chandra, Senior Counsel and Ms. Pratibha M. Singh, counsel argued on behalf of the appellants, Sh. Pravin Anand, Advocate argued on behalf of the three interveners (supporting the appellants) : (i) Association of Publishers in India; (ii) The Federation of Indian Publishers; and (iii) Indian Reprographic Rights Organization.

24. Learned counsel argued that the historical origin of the law of copyright, as is well known, is the grant given by the Crown creating a monopoly in favour of the author of a work. This right was not treated as akin to a property. Eminent authors and thinkers of the 16th and the 17th century, such as John Locke and Raymond Astbury led the campaign resulting in the monopoly right tenure being cut down. The reason for the campaign was the view taken by these eminent personalities that the unlimited grant for unlimited duration was not only unreasonable but was injurious to learning. The idea of limiting the term of the copyright appealed to those who were

concerned about monopolies and restraint of trade. The debate also encompassed the institute of copyright standing on the boundary, between the private and the public. The right could be treated as a form of private property. It could also be treated as an instrument of public policy created for the encouragement of creation and dissemination of knowledge. As the law developed, issues of 'fair use' concerning copyright started troubling. Copyright initially developed as a consequence of the ability of printing technologies to produce large number of copies of a text quickly and cheaply. But with the advent of the computer, the internet and photocopying machines the process of copying copyrighted material became easy and indeed it is virtually impossible to prevent people from making copies of almost any text – printed, musical, cinematic, at a negligible cost. Mark Rose in the treatise 'Authors and Owners The invention of Copyright' published by Harvard University Press, in the year 1993 therefore posited the question: "why, then, don't we abandon copyright as an archaic and cumbersome system?"

25. The aforesaid formed the backdrop of the canvass on which learned counsel painted their picture. Referring to the Copyright Act, 1957, learned counsel urged that works in which copyright subsists are enumerated in Section 13 of the Copyright Act, 1957. As per Section 14, copyright would mean the exclusive right to do or authorize the doing of the acts enumerated in various clauses of Section 14 in respect of the work or any substantial part thereof. Each counsel highlighted the word 'substantial' used in Section 14 to urge that the legislative intent was clear. There was exclusivity in the exploitation of the copyright even with respect to a substantial part thereof in the copyright holder. With reference to sub-para (i) and (ii) of clause (a) of Section 14, learned counsel urged that in the case of literary, dramatic or musical works, right to reproduce the work in any material form was exclusively that of the author as also the right to issue copies of the work to the public. Learned counsel urged that the rights conferred under Section 52 are actually privileges in others and therefore on the principle of fiduciary obligation itself, where a person exercises a privilege with respect to the work of another, the privilege has to be exercised in a manner where the right or the interest of the owner is not prejudicially affected. With reference to Section 14, learned counsel argued that seven identifiable acts emerge as the right of the copyright holder : (i) reproduction, (ii) issuing copies (reference to Section 3 it would mean publication), (iii) performance in public, (iv) adaptation, (v) communication, (vi) translation, and (vii) qua films and sound recording, adaptation created as a right separately. Learned counsel urged that a copyright is infringed where a person commits an act envisaged by Section 51 of the Act. With respect to Section 52, learned counsel urged that the acts contemplated therein, if committed by third parties, would not be treated as infringement of copyright. Learned counsel were in agreement that Section 52 is neither to be read as a proviso nor an exception to Section 51 of the Copyright Act, 1957, for the reason it neither carves an exception nor, as provisos thereto, limit or expand the rights under Section 51. Learned counsel stated that the correct phraseology to describe Section 52 in the context of Section 51 would be to say that notwithstanding the right of a copyright holder remaining/subsisting in its full glory, a third-party act, if covered by Section 52 would be a permissible act and would therefore not be actionable.

26. Highlighting that different clauses of sub-Section (1) of Section 52 contemplate different copyrighted works, learned counsel urged that the same would be apparent from the fact that in some clauses the expression ‘any work’ is used and in the others the expression ‘work’ is used : (i) Clause (a) embraces all works except computer programmes (ii) Clause (aa) (ab) (ac) and (ad) embrace computer programmes. (iii) Clause (b) and (c) embrace all works. (iv) Clause (d) (e) and (f) embrace all works. (v) Clause (g) embraces published literary or dramatic works. (vi) Clause (h) embraces published literary or dramatic works. (vii) Clause (i) embraces all works. (viii) Clause (j) embraces literary, dramatic, musical and cinematographic works. (ix) Clause (k) embraces sound recordings. (x) Clause (l) embraces literary, dramatic and musical work. (xi) Clause (m) embraces a literary work being an article, (xii) Clause (n) embraces all works. (xiii) Clause (o) embraces literary work. (xiv) Clause (p) embraces unpublished literary, dramatic and musical work. (xv) Clause (q) embraces official gazettes, the legislative enactments made by the Legislature, the report of Committees, Commissions, Councils, Boards, or the like appointed by the Government unless reproduction or publication is prohibited by the Government, and the judgment or order of a judicial authority unless prohibited by the judicial authority. (xvi) Clause (r) embraces legislations, including delegated legislations with reference to translations. (xvii) Clauses (s) and (t) embrace painting, drawing, engraving, photograph of sculpture or other artistic works contemplated by the clause. (xviii) Clause (u) embraces cinematographic film. (xix) Clause (v) and (w) embrace artistic work. (xx) Clause (x) embraces architectural drawings and plans. (xxi) Clause (y) embraces literary, dramatic, artistic and musical works. (xxii) Clause (z) embraces sound recording. (xxiii) Clause (za) embraces literary, dramatic, musical works and sound recordings. (xxiv) Clause (zb) embraces all works. (xxv) Clause (zc) embraces literary and artistic works.

27. Thus, learned counsel urged that while interpreting various clauses of sub-Section (1) of Section 52 of the Act it has to be kept in mind as to which copyrightable work is embraced in a clause. Thereafter, the second stage analysis had to be on the activity. The activity could be a private use, a personal use, research, criticism, review, reporting of a current event, a judicial proceeding, legislative business, imparting education etc. Learned counsel urged that different clauses dealt with different activities. The third stage analysis would be to identify whether there was express or implied limitation in the use of the copyrighted material while performing the activity. Counsel urged that keeping in view public policy, concerning judicial proceedings, legislative proceedings etc. no limits have been prescribed; in other activities and in relation to the works either expressly or impliedly, limitations have been provided by the legislature. Since the issue at hand concerns books i.e. literary works, learned counsel highlighted that it would be profitable to refer to clause (a), (h), (i), (j), (o), (p) and (zb) of subsection (1) of Section 52 of the Copyright Act, 1957. The argument was there was an inherent limitation prescribed in these clauses while conferring a non-actionable right in favour of a third party using a copyrighted work. Learned counsel urged that fair dealing was expressly used in clause (a). The limitation of two passages in clause (h) was the manifestation of fair use i.e. for the purposes of the act contemplated by clause (h) upto use of two passages was a fair use. Albeit unlimited in its use,

pertaining to literary, dramatic, musical or cinematographic works i.e. extending upto use of the entire copyrighted work, the fair use was weaved by limiting the act to ‘the course of activities of an educational institution’ with further limit that the performance was restricted to the audience comprising staff, students, parents and guardians. Fair use was inbuilt concerning the act contemplated by clause (o) by limiting the making of the copies of the works envisaged by the clause to only three; further fairness to be found on the condition that such work was not available for sale in India, with further fair use in the form of use of the copies in a non-commercial public library. Concerning clause (p) the fair use was in built in the form of the work being unpublished and its reproduction being by a library, museum or other institution to which the public has access for the purpose of research or private study by the public or with a view to publication. Concerning clause (zb) learned counsel urged that meant to facilitate spread of knowledge to differently abled persons, the fair use principle was weaved in the form of the organization being of the kind contemplated by the second proviso and the explanation thereto with further obligation on the organization to ensure reasonable steps to prevent the adaption or reproduction of the works contemplated by the clause to enter into the ordinary channels of business. The argument was that clause (i) cannot be read as done by the learned Single Judge for the reason it permits substantial photocopying of copyrighted works to prepare course packs. Learned counsel urged that the principle of fair use was to be found in the clause with reference to the phrase: (i) by a teacher or a pupil; and (ii) in the course of instruction. Thus, according to learned counsel institutional sanction or intervention in the reproduction of the works contemplated by the clause was not permissible. A direct connection between the teacher and the pupil, without an intermediary, had to exist. It had to be in the course of instruction and the phrase would be a verb i.e. the act of teaching by the teacher to the pupil and thus prepared course packs would not be a fair use. Learned counsel cited the decision reported as 695 F.2d 1171 (1983) *Marcus v. Rowley*, to urge that the test of spontaneity required the use of the work at the moment for maximum teaching effectiveness i.e. so closed in time that it would be unreasonable to expect a timely reply to a request for permission. As per learned counsel, keeping in view that as per Section 14 of the Act the right of the owner of the work extended to substantial parts thereof, the qualitative and quantitative test for fair use purposes developed in jurisdiction abroad had to apply. Learned counsel highlighted that whenever the legislature intended use of a copyrighted work by an institution, it had so mentioned; as in clause (j), (l), (n), (p) etc. Learned counsel referred to the treatise *Copinger and Skone James on Copyright 16th Edition (2010)* and cited page 499-500 thereof to urge that the expression ‘in public’ is not only a matter of fact but also a question of law and the chief guide in answering the question should be common sense. The test would be whether persons coming together to form the audience are bound together by a domestic or private tie, or by an aspect of their public life. The character of the audience is crucial. In other words, it is the targeted audience which has to be kept in mind while deciding whether publication of a work takes place. It is not necessary that all members of the community should be the targeted audience. Giving the example of a book on medicine, learned counsel urged that printing and making available the same to students, teachers, and medical practitioners

and perhaps research laboratories would be a publication notwithstanding it not being made available to all and sundry. The relevance of the argument was to criticize the view taken by the learned Single Judge by equating publishing a literary work, to it being made available to all the members of the community. Learned counsel criticized the view taken by the learned Single Judge concerning interpretation put to clause (a) by urging that the four well known principles of fair use had been overlooked by the learned Single Judge while upholding the offending activity in the context of clause (a). Since the learned Single Judge has heavily relied upon the law declared by the High Court of New Zealand reported as (1991) 2 NZLR 574 *Longman Group Ltd. v. Carrington Technical Institute Board of Governors*, learned counsel urged that the phrase ‘in the course of instruction’ used in clause (i) could not be interpreted as done by the High Court in New Zealand because the Statute in New Zealand expressly encompassed ‘by correspondence’; which was missing in the Indian statute. Save and except availability of instant course packs from year to year, learned counsel urged that offending course packs had all the features of a text book and on said account, there not being a claim of the same be a derivative work, infringement was writ large inasmuch as the protective umbrella of clause (i) was not available. Referring to articles authored by eminent academicians and treatise on the public debate concerning copyright issues, learned counsel urged that recognizing education being a good cause, the unanimous view was that a licensing regime was the only solution to harmonize the right of the users and those of the copyright holders. Learned counsel urged that in view of the fact that the Copyright Act, 1957 has provisions for licensing, with a statutory body to decide on the licence fee prescribed, the balancing act required clause (i) to be interpreted as suggested by them. It was urged that copying by hand was recognized by the Act and not photocopy and that too in a mass scale i.e. at best a single photocopy by a single pupil for a personal need may be permitted but not mass scale photocopying by all the pupils in a class. Referring to Article 13 of the TRIPS Agreement, to which India is a signatory, learned counsel urged that it enjoined India to confine limitations or exceptions in a manner which do not conflict with normal exploitation of the work and do not unreasonably prejudice the legitimate interest of the right holder. Referring to Article 9(2) of the Berne Convention, to which India was a signatory, learned counsel urged that though it was left to the signatory countries as to what kind of municipal legislation permitting reproduction of works was to be permitted, but it was expressly made clear that such reproduction would not conflict with the normal exploitation of the work and did not unreasonably prejudice the legitimate interest of the author. The argument thus was that clause (i) must be interpreted in harmony with India’s international obligations. Learned counsel relied upon a decision rendered by the World Trade Organization on June 15, 2000 concerning playing of music in restaurants in the United States of America whereby a blanket exemption to restaurants having covered area of 3750 sq. ft. was permitted as per Section 110 of the Copyright Act in United States of America and the decision was to the effect that such user would not be fair use, being violative of Article 13 of the TRIPS Agreement and Article 11 of the Berne Convention. It was held in said decision that the exemption does not qualify as ‘certain special case’ as contemplated by Article 13 of the TRIPS Agreement. Referring to the legislative intent underlying Section 52(1)(i) learned counsel

referred to the debate in the Rajya Sabha concerning the Copyright Bill, 1955 wherein the distinction given to educational institutes to reproduce the work of an author was highlighted as distinct from reproduction of a work while a teacher is giving instructions in the class room. Learned counsel relied upon the Division Bench judgment of this Court reported as 2011 (47) PTC 244 (Del.) (DB) *Syndicate of the Press of the University of Cambridge v. B.D. Bhandari & Ors.* to urge that Section 52(1)(h) as it existed in the statute book before the Copyright Act was amended by Act No. 27 of 2012, which is identical to clause (i) post amendment of the Act, was interpreted by the Division Bench as incorporating fair use. As per learned counsel the issue was no longer *res integra*. The lament was that the learned Single Judge noted the argument by the appellants in the impugned decision but left it at that. Learned counsel urged that at the relevant time charges for photocopying was 25 paise per page and respondent No.1 was charging 50 paise per page and thus there was a profit element in the enterprise undertaken at the instance of the University by respondent No.1. Lastly, learned counsel urged that notwithstanding definitions for textbooks being wide and varied, one common definition was that a textbook is a printing and bound artefact for each year or course of study containing facts and ideas around a central subject. Referring to a passage from the treatise *The History of the Textbook in Education* by Glenn Goslin, learned counsel urged that textbooks are not like other books. Today, textbooks are assembled more than they are written. They are, in fact, usually specially made to follow a set standard curriculum for a school system or large organizations. On facts it was urged that the course packs in question are textbooks.

28. The sum total of the response of learned counsel for the respondents needs now to be penned by us. Apart from adopting the reasoning in their favour by the learned Single Judge, and which we need not recapitulate for the reason we have already analysed the reasoning of the learned Single Judge in the preceding paras above, learned counsel added that the Delhi School of Economics, where the course packs in question were photocopied offers Post-Graduate Degrees where reading, research, analysis and discussions in the class room play a very important role. The aim is not to award a degree at the end of the course but is to ensure growth and development of knowledge. The curriculum is set by the Academic Council of the University of Delhi. The teachers at the institute sit down and prescribe the relevant reading material, which would obviously include publications. Eclectic selection of reading material results at the end of this exercise. This reading material is then bound. The compilation is random and does not comprise chapters akin to a textbook. As against a textbook which is capable of being comprehended by even an outsider, the course pack would make no sense to an outsider and would appear to be irrelevant. It has a limited use. It has a meaning only if used as part of a lecture or a discussion in the course of instructions as reference material. It is not to be that one can sit at home and after reading the course pack and proclaim that one has understood the subject. It is a primer and a precursor to the discussions which transpire in the class as part of the course. Learned counsel referred to articles by authors to highlight that in third world countries, where literacy levels are low and purchasing power weak, even compulsory licensing had failed to achieve the desired end of dissemination of knowledge. Meaning thereby, a very liberal interpretation had to be accorded

to clause (i). Learned counsel referred to the debate in the Parliament when the Bill which led to the enactment of Act No.27 of 2012 was debated to highlight that the Minister piloting the Bill clearly told the House ‘Of course, non-profit libraries should not be charged. Many of these copyrighted materials can be used, should be used and must be used in non-profit libraries. Responding to the argument that the phrase ‘course of instruction‘ in clause (i) was used as a verb, learned counsel urged that it could well be used as a noun, but left the quibbling at that for the reason the end would be the same and for which argument a flow chart could be prepared as under:- Education/Teaching Instruction Course Verb Process Course of Instruction Noun Programme Process of Education/Teaching Programme of Education/Teaching Narrow Interpretation Wider Interpretation Reproduction permissible only in classroom Reproduction permissible in the entire process of education, e.g. a semester Reproduction permissible in the entire programme of education, e.g. a semester

30. The importance of education lies in the fact that education alone is the foundation on which a progressive and prosperous society can be built. Teaching is an essential part of education, at least in the formative years, and perhaps till post-graduate level. It would be difficult for a human to educate herself without somebody i.e. a teacher, helping. It is thus necessary, by whatever nomenclature we may call them, that development of knowledge modules, having the right content, to take care of the needs of the learner is encouraged. We may loosely call them textbooks. We may loosely call them guide books. We may loosely call them reference books. We may loosely call them course packs. Of course, the more indigent the learner, the greater the responsibility to ensure equitable access.

31. It is true that there has to be fairness in every action, and irrespective of a statute expressly incorporating fair use, unless the legislative intent expressly excludes fair use, and especially when a person’s result of labour is being utilized by somebody else, fair use must be read into the statute. A plain reading of clause (i) would show that the legislature has not expressly made fair use a limiting factor while permitting reproduction by a teacher or a pupil during course of instruction. Therefore, the general principle of fair use would be required to be read into the clause and not the four principles on which fair use is determined in jurisdictions abroad and especially in the United States of America which was held to be applicable to clause (a) by the Division Bench of this Court in the decision reported as 2013 (53) PTC 586 (Del.) (D.B.) *India TV Independent News Service Pvt. Ltd. & Ors. v. Yashraj Films Pvt.Ltd.*

33. In the context of teaching and use of copyrighted material, the fairness in the use can be determined on the touchstone of ‘extent justified by the purpose’. In other words, the utilization of the copyrighted work would be a fair use to the extent justified for purpose of education. It would have no concern with the extent of the material used, both qualitative or quantitative. The reason being, ‘to utilize’ means to make or render useful. To put it differently, so much of the copyrighted work can be fairly used which is necessary to effectuate the purpose of the use i.e. make the learner understand what is intended to be understood.

34. Teaching is the imparting of instructions or knowledge. Perhaps this is a standard definition of the term. It places no limits on where the imparting of knowledge takes place. It certainly

would include face-to-face instructions at a formal institution. Education is not just a relationship in a classroom between one teacher and multiple students. It is a process involving communication between students inter-se and between the student and the teacher and perhaps teachers inter-se too.

35. Thus, we reject the arguments by learned counsel for the appellants that the four factors on which fair use is determined in jurisdictions abroad would guide fair use of copyrighted material during course of instruction. The qualitative and quantitative test which is one of the four tests would not apply to clause (i).

36. In the context of the argument of an adverse impact or the likelihood of the same on the market of the copyrighted work in question, taking the example of a literacy programme, assuming the whole of the copyrighted material is used to spread literacy, one cannot think of any adverse impact on the market of the copyrighted work for the simple reason the recipient of the literacy programme is not a potential customer. Similar would be the situation of a student/pupil, who would not be a potential customer to buy thirty or forty reference books relevant to the subject at hand. For purposes of reference she would visit the library. It could well be argued that by producing more citizens with greater literacy skills and earning potential, in the long run, improved education expands the market for copyrighted materials.

37. Agreeing with the submissions advanced that various clauses of subsection (1) of Section 52 need to be interpreted as standalone for the reason that each deals with a different kind of a permissible use/activity, but with the caveat that whenever necessary, to understand the legislative intent, the language used may be contrasted here and there.

39. The word ‘reproduction’, the phrases ‘by a teacher or a pupil’ and ‘in the course of instruction’ were debated. As per the appellants the expression ‘reproduction’ not being defined in the Act must be given the ordinary grammatical meaning, to which learned counsel for the respondent conceded. ‘Reproduction means – to make a copy of. Section 13(2) of the General Clauses Act, 1897 states that unless there is anything repugnant in the subject or context, words in the singular shall include the plural, and vice-versa. Thus, making more than one copies of the original i.e. photocopying is contemplated by the statute. Similarly, the words ‘teacher’ and ‘pupil’ would also include the plural and hence it could be teachers or pupils. Meaning thereby, the activity of reproduction could be resorted to by teachers as well as pupils. Is the phrase ‘in the course of instruction’, a phrasal verb or is it a phrasal noun. We need not quibble for the reason we find merit in the graphic reproduction of the argument by learned counsel for the respondents which we have tabulated in paragraph 28 above. The end result would be, irrespective of the word ‘course’ being treated as a verb or a noun, the entire process of education as in a semester or the entire programme of education as in a semester. Meaning thereby in a class room where the interactive method of imparting knowledge is adopted by a teacher and not the boring method where the teacher simply lectures and the pupils simply note, the photocopied work, pre-read and digested by the students, is discussed and debated in the class in an interactive manner with the teacher regulating the discussion. It would be akin to a group discussion with an anchor ensuring that the participants stick to the theme and do not astray.

40. On this aspect of the matter, the learned Single Judge has noted that the rival viewpoints urged were premised on the law declared by the High Court of New Zealand reported as (1991) 2 NZLR 574 *Longman Group Ltd v. Carrington Technical Institute Board of Governors*. In that case, multiple copies of compilations stated by educational institutions to be course packs, consisting of extracts from copyrighted literary and artistic works, were prepared by a teacher and distributed amongst the students; to be utilized for classroom use and private study. The compilation consisted of 200 pages. Extracts from fourteen original works in which copyright existed, ranging between 2% to 18% of the original work, comprised 70% of the total number of pages in the compilation, with the rest being original content. Prepared for the academic year 1982, the compilation was used for the next two ensuing academic years, i.e. 1983 and 1984.

42. The defendants acknowledged that if it was proved that the course pack contained a 'substantial' part of each copyright work, a prima-facie infringement of the copyrighted work by the defendants would be proved. But this would be subject to the defence under Section 21(4).

43. Relying upon the decisions reported as [1964] 1 All ER 465 *Ladbroke (Football) Ltd. v. William Hill (Football) Ltd.* and [1916] 2 Ch 601 *University of London Press Ltd. v. University Tutorial Press Ltd.*, the Court opined that in order to ascertain whether a substantial portion of the copyrighted work had been reproduced, the quantitative and qualitative aspects of the portion reproduced were to be evaluated. Opining that the extracts copied from the copyrighted work were of importance and significance, and essential to the integrity of the work being copied from, the Court held that the teacher had copied a 'substantial' part of each copyrighted work and had therefore, infringed the copyright of the plaintiffs. Consequently, the Court evaluated whether the defendants could take the benefit of statutory exceptions enumerated in sub-Sections 19(1), 20(1), 21(1), 21(4) and 53(2) of the Copyright Act in New Zealand.

44. Recording that sub-Sections 19(1), 20(1), 21(1) and 21(4) were independent of each other and had to be given distinct meaning, failing which sub-Sections 21(1) and 21(4) would become superfluous, the Court opined that in order to claim the benefit of the exceptions under Section 19(1) and 20(1), the user of the copyrighted material had to meet the additional standard of fair dealing, while no such standard had to be met under Section 21(1) and Section 21(4). Concerning Section 21(1) the Court held that since the primary purpose of the preparation of the course-pack was to act as a teaching aid for the teacher; and since the course-pack had reproduced significant extracts from the copyrighted work, which had been reproduced for the same purpose, i.e. to act as a teaching aid, the course-pack was competing with the copyrighted works and therefore, its preparation could not be held to be fair dealing.

47. Relevant for the purposes of the Indian statute would be the Court interpreting Section 21(4) strictly; holding that no restrictions on the method of reproduction, the length of the extract that could be copied from any copyrighted work or the number of copies of any extract could be read into the section since no such restriction had been provided for in the provision by the legislature, the Court further held that the language of the provision did not bar the use of an agent to conduct the copying and as long as the reproduction was done by or for the teacher or student in the course of instruction, such copying would be permissible under Section 21(4). Interpreting the

expression ‘course of instruction’, the Court negated the contention of the plaintiffs that the expression was to be limited to the time and place of instruction, and held that in its ordinary meaning ‘the course of instruction would include anything in the process of instruction with the process commencing at a time earlier than the time of instruction, at least for a teacher, and ending at a time later, at least for a student. So long as the copying forms part of and arises out of the course of instruction it would normally be in the course of instruction’. Further, according to the Court, this view was buttressed by the inclusion of the term ‘by correspondence’ in Section 21(4), which implied that the expression ‘course of instruction’ would include preparation of material to be used in the course of instruction and copying by the teacher prior to the delivery of the instruction.

48. Opining further that the interpretation of Section 21(4) of the New Zealand statute must be informed by the presence of Section 19(6), which provided an exception for preparation of compilations for educational purposes, the Court held the course-pack produced by the teacher was a textbook assembled from the copyrighted works, and not an extract of a copyright work. Additionally, the Court opined that since the textbook had not been prepared in or before any class, term or even teaching year but had been prepared before 1982 for subsequent use, it would not come within the definition of ‘in the course of instruction’. According to the Court, despite the fact that a teacher would be entitled to reproduce the same extracts that had been used in the course-pack provided it was used in the course of instruction, the course-pack in question (being textbooks) could not be deemed permissible under Section 21(4).

49. Rejecting the plea of the defendants that they were entitled to the benefit of the exception of ‘crown use reproduction’ under Section 53(2), the Court declared that the defendants had infringed the copyright of the plaintiffs. 50. The similarity in the language of the Copyright Act, 1962 in New Zealand and the Indian Copyright Act, 1957, makes the decision in Longman’s case of special relevance in interpreting Section 52 of the Indian Copyright Act, 1957. The language of Section 52(1)(i) of the Indian Copyright Act, 1957 is substantially similar, though not identical. Section 52(1)(i) provides that: ‘The reproduction of any work- (i) by a teacher or a pupil in the course of instruction; or (ii) as part of the questions to be answered in an examination; or (iii) in answers to such questions;’ would not be an infringement of copyright. It would be relevant to highlight that the expression ‘whether at a University or school or elsewhere or by correspondence’ as provided in Section 21(4) in New Zealand is absent in Section 52(1)(i). The legislative provision considered in the said judgment was: ‘In the course of instruction, whether at a University or a school or elsewhere or by correspondence, where the reproduction or adaption is made by a teacher or student’. As noted above, the argument by learned counsel for the appellants was that the word ‘correspondence’ used in the statute in New Zealand would give a wider meaning to the phrase ‘in the course of instruction’ and thus as per them the judgment would not have any persuasive value. The learned Judge in said judgment has opined : ‘In its ordinary meaning, the course of instruction would include anything in the process of instruction with the process commencing at a time early than the time of instruction, at least for a teacher, and ending at a time later, at least for a student. So long as the copying forms part of and arises out of the

course of instruction it would normally be in the course of instruction'. We are in agreement with the opinion for this is the only logical meaning of the phrase 'in the course of instruction'. Having interpreted the phrase as above without factoring in the word 'correspondence' used in the statute the learned Judge reinforced the view with an additional reason that when the course of instruction encompasses correspondence, it must enable preparation of the material to be used in the course of instruction before the delivery of the instruction. Thus, the decision in Longman's case would be an authority supporting the expanded definition of the phrase 'in the course of instruction' opined by the learned Single Judge.

52. With reference to Section 19(6) of the Copyright Act in New Zealand, which as noted above is analogous to Section 52(1)(h) of the Copyright Act, 1957 in India, the learned Single Judge has, without any discussion or reasoning, simply held that Section 52(1)(h) had no relevance to interpret Section 52(1)(i). However, it must be borne in mind that on facts the Court in Longman's case held course-packs considered by it to be outside the ambit of Section 21(4). While not delineating the contours of the exception under Section 21(4) vis-à-vis course-packs in great detail, the Court opined that Section 21(4) was to be interpreted keeping in mind Section 19(6) and thus the distinction was made by the Court between 'an extract made in the course of instruction' and 'a textbook'.

53. Another facet of the decision in Longman's case that needs to be noted, is the view of the Court that if a course-pack prepared in a previous academic year is re-used in subsequent academic years, such a course-pack cannot be said to have been prepared 'in the course of instruction'. It would be relevant to note the opinion of the Court in Longman's case is that the effect of permissible copying of individual extracts by a teacher or a student in the course of instruction being the same as the preparation of a course-pack by a teacher outside the course of instruction.

54. The law declared in *Longman (supra)* has thus to be understood with reference to the facts of the case for the reason that on the one hand the Court held that course packs with fell within the ambit of Section 21(4) of the Copyright Act in New Zealand would be an exception to the charge of infringement and there was no necessity for the Court to consider whether it was a fair dealing because the statute had not made requirement of fair dealing as a part of the exception. The phrase 'in the course of instruction' was given a wide meaning. But on facts the compilation was held to be akin to a textbook and copies prepared in one year were used for subsequent years as well. 55. The decision in Longman's case reconciles Section 21(4) and Section 19(6) of the Copyright Act, 1962 in New Zealand. Though not expressly stated by the learned Judge who has authored the opinion, implicit would be that a course pack if used as a textbook would obviously amount to a publication and since use of copyrighted material with reference to the publication fell within the domain of Section 19(6) of the Copyright Act in New Zealand, the course pack fouled Section 19(6) (being held to be a textbook) and did not fall within the protective umbrella of Section 21(4). 56. The decision in Longman's case probably for the reason it was not argued, does not discuss the concept of fairness in the use as has been discussed by us and therefore at this stage we must part company with the said decision concerning its persuasive value on other

issues. In the view we have taken in paragraphs 31 to 35 above, we declare that the law in India would not warrant an approach to answer the question by looking at whether the course pack has become a textbook, but by considering whether the inclusion of the copyrighted work in the course pack was justified by the purpose of the course pack i.e. for instructional use by the teacher to the class and this would warrant an analysis of the course pack with reference to the objective of the course, the course content and the list of suggested readings given by the teacher to the students. This would require expert evidence, and we shall pass appropriate directions on this while bringing the curtains down. 57. In the view we have taken, the distinction between 'reproduction' and 'publication' becomes self-evident and thus the reasoning adopted by the learned Single Judge needs to be corrected by us. Publication need not be for the benefit of or available to or meant for reading by all the members of the community. A targeted audience would also be a public as rightly urged by learned counsel for the appellants. But a publication would have the element of profit, which would be missing in the case of reproduction of a work by a teacher to be used in the course of instruction while imparting education to the pupils. That apart, if reproduction includes the plural, it cannot be held that making of multiple copies would be impermissible. It happens in law that footprints of one concept fall in the territory of other but that does not mean that the former should be restricted.

59. The Section deals with copying for educational purposes and pertaining to the issue at hand if done in the course of preparations for instructions or for use in the course of instructions or in the course of instructions and copying is done by or on behalf of the person who is to give, or who is giving, a lesson at an educational establishment and further that not more than one copy of the whole or part of the work or addition is made on any one occasion, same would be permitted, if done by a student with the difference being that if it is not by way of photocopying, multiple copies could be made. Pertaining to educational institutions i.e. at the institutional level, a limit of the work capable of being photocopying by way of a fixed percentage for different periods being December 31, 1998 and post January, 1998 have been prescribed. Though principles of fair use are missing even in the 1994 Act, but the provisions by limiting the percentage in the third situation and number of copies in the first two situations, answer the problem. The decision would therefore have no relevance in the Indian context.

60. Concerning the argument that there cannot be an intermediary when use of copyrighted material post reproduction takes place in the course of instruction, common sense tells us that neither the teacher nor the pupils are expected to purchase photocopiers and photocopy the literary work to be used during course of instruction in the class room. A place where a photocopying machine, with a man behind to photocopy would be identified. Whether the teacher identifies the place and asks the man in question to photocopy the material and pay money for photocopying and then, while handing over the photocopied material to the pupils seek reimbursement or the teacher tells the pupils to get the work photocopied whether individually or collectively, would not matter. The core of the activity being the same, i.e. photocopying. The argument concerning use of an agency is thus irrelevant. The plaintiffs do not allege any profit being made by either the pupils or the teachers or the University of Delhi. They allege profit

being made by Rameshwari Photocopy Services. Plaintiffs alleged that as against market rate of photocopying @ 25 paisa per page, Rameshwari Photocopy Services charges 50 paisa per page and thereby makes a profit apart from what would have been made while simply photocopying material. No document in support thereof has been filed to make good the pleading. On the contrary the University of Delhi produced a copy of the licence in favour of Rameshwari Photocopy Services as per which, as of January 2012 it could charge only 40 paisa per page and we take judicial notice of the fact that as of said year photocopiers were charging 50 paisa per page in the market and where customers were many, such as markets near educational institutes, the discounted rate was 40 paisa per page. Thus, even qua Rameshwari Photocopy Services, apart from the usual profit which it would be making while photocopying material, no profit otherwise is being made for the activity in question and the activity therefore would simply be to photocopy pages and not prepare course packs in the context of the activity.

61. We do not find any institutional sanction for photocopying as was urged by learned counsel for the appellants for the reason that the role of the University of Delhi ends when its academic council lays down the course curriculum. Thereafter, the individual teacher or the teachers acting collectively for a particular degree course sit down and prescribed the relevant reading material to be read by the students keeping in view the objective of the course as per the curriculum set by the academic council of the University. The next exercise done by the teacher or the teachers would require eclectic selection of reading material and this would be the copyrighted works. This would constitute the reading material for the pupils, to be used by the teacher in the class room in course of instruction. Spiral bound it would be called a course pack.

62. Arguments advanced by learned counsel on either side with reference to articles and treatises by professors on what the policy of copyright law in its interface with education, especially in developing countries where literacy levels are low and purchasing power is less, should be are simply noted by us for record. Being a matter of policy, it is for the legislature to decide what should be the policy underlying the statute. If transposed into a judicial verdict it would be a doctrinal approach and we prefer to interpret the statute using the tools of grammar, giving meaning to the words as in ordinary English parlance and defining concepts with common sense.

63. Nothing much turns on Article 13 of the TRIPS Agreement and Article 9 of the Berne Convention for the reason that the contents thereof are merely directory and have enough leeway for the signatory countries to enact the copyright law in their municipal jurisdiction concerning use of copyrighted works for purposes of dissemination of knowledge. Though not conclusive, but the words of the Hon'ble Minister who piloted the Bill which resulted in Act 27 of 2012 being enacted supports this interpretation to clause (i). We do not extract the words used for reason we have extracted them in paragraph 28 above.

64. Concerning decisions rendered by the Courts in the United States of America, United Kingdom and Canada, we find no relevance of said opinions and have no persuasive value in the Indian context.

65. Section 107 of the Copyright Act in America reads as under:- —Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by

reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include— (1) the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work. The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

66. Suffice it to note that the statute in America, with reference to teaching, which would include multiple copies for classroom use, is circumscribed by ‘fair use’. The statute has an expansive definition as to what would be fair use and lists four fair use factors. The decisions by Court in America would therefore have no persuasive value in the Indian context. It would be further relevant to note that in the United States of America, an Agreement on Guidelines for Classroom Copying in Not-For-Profit Educational Institutions exists which provides guidelines on the extent of permissible photocopying. The majority opinion in the decisions in the United States of America has relied thereupon while discussing concept of fair use to hold on the facts of different cases for infringement being made out and photocopying not protected by Section 107. The minority opinions have taken the view that the guidelines in question being non-statutory are not to be taken into account while discussing photocopying with reference to fair use.

67. Pertaining to the decision reported as (1983) F.S.R. 545 *Sillitoe and Others v. McGraw-Hill Book Company (U.K.) Ltd.*, it deals with the scope of Section 6(1) and 6(2) of the U.K. Copyright Act, 1956, which has subsequently been replaced by the Copyright, Designs and Patents Act, 1988. Sections 6 of the U.K. Copyright Act, 1956 enumerated the exceptions to copyright protection. Sub-Section (1) of Section 6 provided that fair dealing with a literary, dramatic or musical work for the purposes of research or private study would not constitute infringement, while Sub-Section (2) of Section 6 provided that fair dealing with a literary, dramatic or musical work for the purposes of criticism or review, whether of that work or another work, would not constitute infringement, subject to a sufficient acknowledgement of the copyrighted material accompanying the dealing.

68. The decision would be relevant in the Indian context if Section 52(1)(a) of the Copyright Act, 1957 is under focus and would have no persuasive value qua the interpretation of Section 52(1)(i), because the concept of fair dealing is inbuilt in the statute in the United Kingdom concerning photocopying for purposes of research, criticism and educational purposes. In the Indian context the subject is divided in the various clauses of sub-Section (1) of Section 52.

69. Similar would be the status of the decision reported as (2012) 2 SCC 37 *Alberta (Education) v. Canadian Copyright Licensing Agency* for the reason Section 29 of the statute in Canada which deals with academic purposes i.e. private study and research has fair dealing inbuilt in it.

70. We need now only deal with the decision in *B.D. Bhandari (supra)*, whereof the appellants had urged that the Division Bench of this Court was interpreting Section 52(1)(h) before the statute was amended in the year 2012 and said provision was *pari materia* to Section 52(1)(i) of the current statute.

71. No doubt, in said decision the Division Bench was interpreting Section 52(1)(h) which is *pari materia* with Section 52(1)(i) in the statute as of today, but the observations made in the decision have to be understood in the context of the fact that the issue before the Court in *B.D. Bhandari (supra)* was whether guidebooks for textbooks prescribed by educational institutions in their syllabi, containing inter alia extracts from the prescribed textbooks, published by publishing houses not connected to the educational institutions or their students, infringed the copyright in the textbooks. While ultimately holding that the guidebooks did not constitute an infringement of the copyright in the prescribed textbooks, the Court, interpreting Section 52(1)(h) of the Copyright Act, 1957, which is *pari materia* to Section 52(1)(i) of the Copyright Act, 1957 after the 2012 Amendment to the Copyright Act, held that since publishing houses were neither teachers nor students nor a person giving or receiving instruction, and were reproducing copyrighted material for commercial gain, Section 52(1)(h) would not be applicable. Thus, the decision in *D. Bhandari (supra)* is distinguishable on its peculiar facts.

72. Further, while the Court in *.D. Bhandari (supra)* did hold that a fair dealing standard was to be read into all clauses of Section 52 of the Copyright Act, 1957, as held hereinabove, a fair dealing standard has only been provided in clause (a) of sub-Section (1) and not in the other clauses of sub-Section (1) of Section 52, and therefore, cannot be read into the other clauses.

73. Paragraph 37 of the decision in *B.D. Bhandari (supra)* reads as under:

37. The appellant has contended before us, and rightly so, that these two concepts, as discussed above, are distinct from each other. There can be no dispute that the doctrine of fair use is an exception to the copyright protection as the opening line of section 52 uses the expression —The following acts shall not constitute an infringement of copyright namely - (a) A fair dealing with a literary, dramatic, musical or artistic work [not being a computer programme] for the purposes of. This expression implies that without the fair use protection the use shall constitute an infringement of copyright. However, on the other hand, when we say that the work is in public domain it means that no copyright protection is available to the concerned work and everyone is free to use that work in whatsoever manner he wishes to. Suffice it to state that the Court in *B.D. Bhandari's* case (*supra*), while contrasting the concepts of 'fair use' and 'public domain', has opined that the doctrine of fair use serves as a limitation to the rights of the copyright holder and allows certain acts to be done in respect of copyrighted material without amounting to infringement of copyright.

75. In our opinion the additional reasoning by the learned Single Judge with respect to course packs on the strength of Section 52(1)(a) of the Copyright Act, 1957 is probably intended to support the interpretation placed by the learned Single Judge to Section 52(1)(i). The reasoning being that for purposes of private research, private study and criticism if a single individual could copy a copyrighted work then it made no difference if same activity was done in the plural. Thus,

even if a single individual were to use a copyrighted work for private research, private study and criticism the use would be subject to 'fair dealing' because clause (a) expressly uses the said expression and thereby limits the contours of the use. We find that the learned Single Judge has not discussed this aspect i.e. the applicability of fair dealing if the offending activity was covered by Section 52(1)(a) of the Copyright Act, 1957. Concededly, the course packs were claimed to be material used during course of instruction and therefore photocopying copyrighted material i.e. reproduction had to be determined with reference to clause (i), and clause (a) has no relevance.

76. A lay person may question as to how a provision in a statute results in an interpretation where a right conferred on a person to use the work of another without any compensation would be just and fair. The question would obviously arise: Is it possible that a provision in a statute partially drowns another provision. This lay person would obviously desire, and perhaps logic would feed the desire, that no provision should be drowned or partially drowned. After all, in the melody of the statute all notes should be heard.

79. Apart from a triable issue on fact which would be as indicated in paragraph 56 above, another issue of fact would need to be tried. The same emerges from the report dated August 27, 2012 submitted in the suit by a learned Local Commissioner. Visiting the premises given on a license to the respondent No.1 from where the work of photocopying is carried on the learned Local Commissioner who visited the premises on August 18, 2012 found apart from the offending course packs eight books photocopied back to back. There were four back to back copies of one book, three photocopies of another book, two of the third and one each of the other five. For this we permit the plaintiffs to amend the plaint and plead said fact giving opportunity to the defendants to file written statement to the amended plaint. The issue would then arise whether photocopying of entire books would be a permissible activity.

80. The appeal is disposed of, declaring the law as above and setting aside the impugned judgment and decree holding that no triable issue on fact arises. As we have already held the triable issue on fact would be as indicated in paragraph 56 above. Another triable issue on fact would be as per paragraph 79 above. The suit is restored for trial on the issue of fact and for which parties would be permitted to lead expert witness testimony. We find that the learned Single Judge has dismissed the application seeking interim injunction against the defendants and simultaneously on the reasoning that no triable issue arises the suit has been dismissed. Having restored the suit and identifying the triable issue warranting evidence, we are not inclined to grant interim injunction to the appellants but would direct respondent No.1 to maintain a record of course packs photocopied by it and supplied to the students. Every six months the statement of number of course packs photocopied and supplied shall be filed in the suit.

* * * * *

Dhanpat Seth and Ors. v. Nil Kamal Plastic Crates Ltd.

2008(36)PTC123(HP)(DB)

DEEPAK GUPTA, J. - 1. This appeal is directed against the order passed by a learned single Judge of this Court in OMP No. 530 of 2005 in Civil Suit No. 69 of 2005 rejecting the prayer of the appellants-plaintiffs for grant of interim relief.

2. The brief facts relevant for disposal of this appeal are that the appellants, hereinafter referred to as the plaintiffs, filed a suit seeking grant of permanent prohibitory injunction restraining the defendant from infringing Patent No. 195917 granted in favour of the plaintiffs on 11-7-2005. The patent has been granted in respect of a device used for manufacture of manually hauling the agricultural produce. According to the plaintiffs, the invention was visualized by them in 1999. They developed it over a period of time and applied for grant of patent on 24-5-2000. The patent was granted in their favour on 11-7-2005 but it will relate back to the date of application i.e. 24-5-2002. The invention of the plaintiffs as set out by them in the plaint is as follows:

A device for hauling agriculture produce comprising a container of synthetic polymeric material defined by a hollow frusta-conical body open at the top and closed at the base and tapering from the operative open top to the base with perforated walls, said perforations being essentially quadrilateral in configuration and reducing in dimensions from the operative top to the base; said wall having a contour adopted to approximate the back of a human body; and removable harnessing means secured to the container in the upper perforations, said harnessing means having straps and buckle formations adapted to be irremovably secured in and around the perforations in the said walls and looping means around the back and the shoulders of an individual, said straps and buckle components of the harnessing means being adjustable to permit the harnessing means to be secured to the container at varying locations on the wall of the container in the perforations and the looping means adapted to be adjusted to accommodate Individuals of different heights and body structure.

3. The plaintiffs further alleged that the respondent-defendant, hereinafter referred to as the defendant, in fact, sold this device to the Department of Horticulture, Govt. of Himachal Pradesh and other private parties. The plaintiffs consequently filed a suit praying for a decree for grant of permanent prohibitory injunction in their favour restraining the defendant from infringing the Patent No. 195917 and also for a decree of mandatory injunction virtually in the same terms. The plaintiffs also prayed that the defendant be directed to pay them Rs. 51 lacs.

4. The defendant contested the suit and contended that the plaintiffs have fraudulently obtained the patent and the patent has wrongly been granted in their favour. The defendant further alleged that there is no novelty or invention in the patent and in fact it is just centuries old device popularly known as "*KILTA*" which was originally made of bamboo and has now been produced

in plastic, it is also further alleged that the defendant had anticipated the device in fact in December, 2001. It designed a similar *Kilta* and sent drawings of the same for manufacturing of the design to Arries Moulding Company Ltd., Taiwan and thereafter the production of the *Kilta* was started and the same was introduced in the market.

5. The plaintiffs along with the suit filed an application for grant of interim relief seeking temporary injunction restraining the defendant from manufacturing or selling its version of the *Kilta* or committing any acts which may infringe in the patent granted to the plaintiffs. This application was contested by the defendant and the learned single Judge by a well-reasoned order dismissed the application for grant of interim relief, The learned single Judge has come to the conclusion that the device patent of which was obtained by the plaintiffs is basically an imitation of the traditional *Kilta*. There is no novelty about the same. The learned single Judge has also come to the conclusion that the suit of the plaintiffs is hit by the principle of doctrine of anticipation since the produce had been in the market even prior to the same being patented. This order is under challenge before us,

6. It would also be pertinent to mention that during the course of this appeal, the plaintiffs had filed an application placing on record an order passed by the Assistant Controller. Patents and Design, rejecting the application filed by the defendant for revocation of the patent granted in favour of the plaintiffs.

7. We have heard Shri Vinay Kuthiala, learned Counsel for the plaintiffs and Shri Bipan Chander Negi, learned Counsel for the defendant.

8. Shri Vinay Kuthiala contended that the plastic *Kilta* developed by the plaintiffs is an invention and, in the alternative, submitted that the development of the traditional *Kilta* into a plastic one with adjustable nylon straps is an inventive step and amounts to an invention. He further submitted that the grant of patent itself is a conclusive fact to hold that there is a prima facie case in favour of the plaintiffs. He has also submitted that the doctrine of anticipation is not applicable since various steps relied upon by the learned single Judge to come to the conclusion that the suit is hit by doctrine of anticipation were only steps taken by the plaintiffs to submit their product before the expert bodies for their evaluation of the device and no steps have been taken to market the same.

9. To appreciate the rival contentions of the parties, it would be relevant to refer to the definition of invention and inventive steps in Section 2(1)(j) and 2(1)(ja) of the Patents Act, 1970:

2(j) "invention" means a new product or process involving an inventive step and capable of industrial application; (ja) "inventive step" means a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art.

10. Section 3(p) of the Patents Act reads as follows:

3(p). an invention which In effect, is traditional knowledge or which is an aggregation or duplication of known properties of traditionally known component or components.

11. A bare perusal of the definition of invention clearly shows that even a process involving an inventive step is an invention within the meaning of the Act. It is, therefore, not necessary that the product developed should be a totally new product. Even if a product is substantially improved by an inventive step, it would be termed to be an Invention. The definition of 'inventive step' provides that when technical advances as compared to existing knowledge take place in an existing product or there is improved economic significance in the development of the already existing device and the invention is not obvious to people skilled in the art, it would amount to an inventive step.

12. The learned single Judge had seen the products of the plaintiffs, the defendant and the traditional *Kilta*. We also called upon the parties to produce their respective devices as well as the traditional *Kiltas*.

13. A *Kilta* is a traditional product which has been used since time immemorial for carrying produce including agricultural produce in hill areas especially in the State of Himachal Pradesh. The traditional *Kilta* is made of bamboo. The shape of a *Kilta* is conical having a wider circular opening on the top and it tapers and narrows down at the bottom. There is virtually no difference in the overall design of the tradition *Kilta* or the 'devices' developed by the plaintiffs and; the defendant. A visual comparison of the' three items prima facie establishes that the articles manufactured by the plaintiffs and the defendant are virtual copies of the traditional *Kilta*. The only difference is that the *Kilta* is made of bamboo and the *Kilta* made by the plaintiffs is made of polypropylene copolymer (PP). The *Kilta* made by the defendant is also made of polymeric material. The *Kilta* manufactured by the defendant is made of high-density polyethylene (HDP). In actual fact, both the materials are polymers in common parlance known as plastic. The only visible difference is that device now being manufactured is having detachable nylon straps with buckles. The question which arises for consideration is whether this change of material from bamboo to plastic and the development of adjustable nylon straps with buckles is an inventive step falling within the meaning of Section 2(ja).

14. Shri Vinay Kuthiala, contended that by changing the material from bamboo to plastic there is a great economic gain and there is technical advance of economic significance. Though the cost of *Kilta* made of plastic may be higher than that of *Kilta* made of bamboo, its life is much longer making it more economic. He further submits that the *Kilta* is designed in such a manner as to make it easy to carry heavy load and, therefore, this is an inventive step.

15. After having seen the traditional *Kilta* and the devices of the parties and having examined the same, we are prima facie of the view that the devices being manufactured by the parties are only imitations of the traditional *Kilta*. Shri Vinay Kuthiala has contended that the traditional *Kilta* was only supported by rope on the forehead. This assertion is in fact incorrect. The traditional

Kilta used in Himachal Pradesh is by and large supported by adjustable ropes going over the shoulders. In some cases, the supporting strap goes over the forehead. Both types have been in existence for times immemorial.

16. The Apex Court in *M/s. Bishwanath Prasad Radhey Shyam v. Hindustan Metal Industries* MANU/SC/0255/1978, while dealing with the meaning of the words 'inventive step' held as follows:

21. It is important to bear in mind that in order to be patentable an improvement on something known before or a combination of different matters already known, should be something more than a mere workshop improvement; and must independently satisfy the test of invention or an "inventive step". To be patentable the improvement or the combination must produce a new result or a new article or a better or cheaper article than before. The combination of old known integers may be so combined that by their working inter-relation they produce a new process or improved result. Mere collection of more than one integers or things, not involving the exercise of any inventive faculty, does not qualify for the grant of a patent.

17. The device being manufactured by the plaintiffs is basically a *Kilta* but made out of synthetic polymeric material which is commonly known as plastic. The process of making traditional items out of such polymers is a well-known and well-established process. This Court can take judicial notice of the fact that much prior to the device being manufactured by the plaintiffs, traditional items made out of woods, steel, brass, leather and other natural materials have been replaced by plastic. In this regard reference may be made to chairs, tables, Jugs, baskets, shoes and numerous other items which were traditionally made of natural material but are now made of plastic. Therefore, in our opinion, the mere fact that the device is made of polymeric material instead of bamboo is not an inventive step involving any novelty. There is nothing new about the process of manufacturing the traditional *Kilta* made of natural material from synthetic material. Even nylon straps now added are virtually copies of the ropes used in the traditional *Kilta*. The ropes in the *Kilta* can also be adjusted by the user keeping in view the height of the person using the *Kilta* and the weight being carried by him. The mere introduction of buckles would not amount to a new device being called an invention or an inventive step.

18. Shri Vinay Kuthiala has laid great emphasis on the order dated 2-7-2007 passed by the Assistant Controller, Patents and Designs, whereby he has rejected the application for revocation filed by the defendant.

19. At the outset, it would be pertinent to mention that the Controller before dealing with the matter did not even take the traditionally built *Kilta* into consideration as a citation. His reasoning in this regard is as follows:

Exhibit A is a Bamboo made *Kilta* with a strap but there is no proof of date of its publication. Hence the said document cannot be taken into consideration as a citation.

20. We fail to understand the reasoning given by the Assistant Controller, Patents and Designs in not taking into traditionally built *Kilta* into consideration. Even the case set up by the plaintiffs was not that he had invented an entirely new product but his case was that he had developed a traditional *Kilta* by means of inventive steps in such a fashion that it amounts to a new invention. The contentions of both the parties could not have been appreciated without first taking into consideration the traditional *Kilta*. On this short ground alone we feel that much reliance can be placed on the aforesaid order.

21. Mere grant of patent in favour of the plaintiffs by itself does not mean that the plaintiffs are entitled to any injunction. This is a factor which may be taken into consideration and would be a relevant factor but the grant of patent would not ipso facto entitle the plaintiffs to grant of an injunction without taking into consideration other relevant factors. In fact, Section 107 of the Patents Act clearly provides that in any suit for infringement of a patent every ground on which it may be revoked under Section 64 shall be available as a ground for defence. Therefore, the defendant is entitled to argue before this Court that the patent granted is not valid. Reliance placed upon by the plaintiffs on the judgment of the Apex Court in *Midas Hygiene Industries (P) Ltd. and Anr. v. Sudhir Bhatia and Ors.* MANU/SC/0186/2004 is totally misconceived. The action in the case was under the Trade Marks Act where the provisions are different. It may be true that Section 28 of the Trade Marks Act is similar to Section 28 of the Patents Act but under the various provisions of the Patents Act, such as Sections 64 and 107(2) even after the patent is granted, the same can be challenged in appropriate proceedings.

22. We also find that the device manufactured by the plaintiffs has been termed as hauling device. The learned single Judge is absolutely right in holding that the so-called-device is not a device of hauling but basically a device for carrying the produce.

23. The House of Lords, in (1975) All England Law Reports 504, *American Cyanamid Co. v. Ethicon Ltd.*, clearly laid down that the governing principle with regard to grant of injunction is that the court should first consider whether if the plaintiff were to succeed at the trial in establishing his right to a permanent injunction he could be adequately compensated by an award of damages for the loss he would have sustained as a result of the defendant's continuing to do what was sought to be enjoined between the time of the application and the time of the trial. If damages in the measure recoverable at common law would be adequate remedy and the defendant would be in a financial position to pay them, no interlocutory injunction should normally be granted, however, strong the plaintiffs claim appeared to be at that stage. If, on the other hand, damages would not be an adequate remedy to the plaintiff in the event of the success in the trial, the Court can grant injunction in favour of the plaintiff by ensuring that the defendant is adequately compensated in case the trial culminates in his favour. If damages in the measure recoverable under such an undertaking would be an adequate remedy and the plaintiff would be in a financial position to pay them, there would be no reason on this ground to refuse an interlocutory injunction.

24. It also held that where other factors appear to be evenly balanced the rule of prudence would be to preserve the status quo. In the case before the House of Lords, the defendant had not started manufacturing of absorbable surgical sutures and it is in these facts that relief of temporary injunction was granted. In the present case, the defendant has already started manufacturing and selling the *Kiltas* and has been doing so for a number of years. In our opinion, at this stage it would not be appropriate to put the clock back.

25. In respect of the arguments addressed on the doctrine of anticipation, even if we discount the production of the device by the plaintiffs prior to 24-5-2002, it is clear that prior to this date, the defendant had sent the drawing for production of the *Kilta* to Taiwan. At this stage of the suit when evidence is still to be recorded, the said material cannot be discarded.

26. Keeping in view the aforesaid discussion, we are clearly of the view that the device developed by the plaintiffs is in fact the result of traditional knowledge and aggregation /duplication of known products such as polymers and, therefore, cannot be said to be an invention. The plaintiffs are, therefore, not entitled to any injunction.

27. It is, however, made clear that any observations made in this appeal are only limited for the purpose of deciding the application for grant of interim relief and shall not be construed as the observations on the merits of the suit.

28. It is, however, amply clear that even if the Court does not grant interim relief in favour of the plaintiffs, some directions must be issued to ensure that in the event of his success in the action, his interests are protected. We, therefore, direct that the respondent shall maintain full and complete accounts of all the sales made of the *Kiltas* manufactured by it. The defendant shall submit the returns in this Registry of this Court every quarter. A copy of this return shall also be handed over to Mr. Vinay Kuthiala, counsel for the appellants/plaintiffs. The defendant shall file a consolidated return for all the *Kiltas* sold by it from the date of institution of the suit till 30-9-2007 by 31st October, 2007. Thereafter the defendant shall file quarterly returns depicting the sales of each quarter within 30 days of the ending of each quarter. The defendant shall also file copies of the complete accounts with regard to sale of the *Kiltas* made during the pendency of the suit duly certified by the Chartered Accountant of the defendant-company in a similar manner. The respondent/defendant shall furnish a surety bond in the sum of Rs. 20 lacs to the satisfaction of the Registrar (Inspection) of this Court undertaking to pay the decretal amount, if any, which may be decreed in favour of the plaintiffs and against the defendant. This order has been passed to protect the interest of the plaintiffs in case they succeed. The appeal is disposed of in the aforesaid terms. No costs.

Novartis Ag v. Union Of India
(2013) 6 SCC 1

CORAM:

AFTAB ALAM, J., RANJANA P. DESAI, J.

AFTAB ALAM, J.:

2. Leave granted in all the special leave petitions.

[Law involved in the case and main issues]

3. What is the true import of section 3(d) of the Patents Act, 1970? How does it interplay with clauses (j) and (ja) of section 2(1)? Does the product for which the appellant claims patent qualify as a 'new product' which comes by through an invention that has a feature that involves technical advance over the existing knowledge and that makes the invention 'not obvious' to a person skilled in the art? In case the appellant's product satisfies the tests and thus qualifies as 'invention' within the meaning of clauses (j) and (ja) of section 2(1), can its patentability still be questioned and denied on the ground that section 3(d) puts it out of the category of 'invention'? On the answer to these questions depends whether the appellant is entitled to get the patent for the beta crystalline form of a chemical compound called Imatinib Mesylate which is a therapeutic drug for chronic myeloid leukaemia and certain kinds of tumours and is marketed under the names 'Gleevec' or 'Gleevec'.

4. These questions were debated at the bar intensely and at great length. The debate took place within a very broad framework. The Court was urged to strike a balance between the need to promote research and development in science and technology and to keep private monopoly (called an 'aberration' under our Constitutional scheme) at the minimum. Arguments were made about India's obligation to faithfully comply with its commitments under international treaties and counter arguments were made to protect India's status as 'the pharmacy of the world'. The Court was reminded of its duty to uphold the rights granted by the statute, and the Court was also reminded that an error of judgment by it will put life- saving drugs beyond the reach of the multitude of ailing humanity not only in this country but in many developing and under-developed countries, dependent on generic drugs from India. We will advert to these and a number of other arguments at their proper place but we must first take note of the facts that give rise to the above questions and provide the context for the debate.

[Paras 5-7 Deleted]

[Litigation History]

8. The appellant filed the application (Application No.1602/MAS/1998) for grant of patent for Imatinib Mesylate in beta crystalline form at the Chennai Patent Office on July 17, 1998. In the

application it claimed that the invented product, the beta crystal form of Imatinib Mesylate, has (i) more beneficial flow properties; (ii) better thermodynamic stability; and (iii) lower hygroscopicity than the alpha crystal form of Imatinib Mesylate.

It further claimed that the aforesaid properties make the invented product 'new' (and superior!) as it 'stores better and is easier to process'; has 'better processability of the methane sulfonic acid addition salt of a compound of formula I', and has a 'further advantage for processing and storing'.

9. It is significant to note that the comparison of the aforesaid properties of the beta crystal form of Imatinib Mesylate was made with its alpha crystal form. In the patent application, there is no claim of superiority of the beta crystal form of Imatinib Mesylate in regard to the aforesaid three properties, or any other property, over the starting material Imatinib, or even over Imatinib Mesylate in amorphous form or any form other than the alpha crystal form. On the contrary, insofar as Imatinib in free base form is concerned, it was unambiguously stated in the patent application as under:

'It goes without saying that all the indicated inhibitory and pharmacological effects are also found with the free base, 4-(4-methylpiperazin-1-ylmethyl)-N-[4-methyl-3-(4-pyridin-3-yl)pyrimidin-2-ylamino]phenyl] benzamide, or other cells thereof. The present invention relates especially to the β -crystal form of the methane sulfonic acid addition salt of a compound of formula I in the treatment of one of the said diseases or in the preparation of a pharmacological agent for the treatment thereto.' (emphasis added)

10. In fairness to the appellant, however, it should be stated that the application was made at the time when there was a different patent regime. After the application was made and before it was taken up for consideration, a number of amendments were introduced in the Indian Patents Act, 1970, which brought about fundamental changes in the patent law of the country. The appellant was, however, fully aware of these changes in the law and, in order to reinforce its claim for patent for the subject product and to bring its claim within the four corners of the changed law, it filed four (4) affidavits of certain experts, two of which stated that the beta crystal form of Imatinib Mesylate has much higher bioavailability as compared to Imatinib in free base form.

In due course, we shall examine how far the properties attributed to the subject product in the patent application and the affidavits make it 'new' and entitled to grant of patent, **but for the moment we may note how the case has come to the present stage.**

11. As noted above the patent application was made on July 17, 1998, giving July 18, 1997, the date on which the appellant had applied for grant of patent for the subject product in Switzerland, as the 'priority date'. On July 18, 1997, Switzerland was not one of the 'Convention Countries' as defined under section 2 (1)(d) read with section 133 of the Act and it was notified as a convention country as per section 133 of the Act on November 30, 1998.

12. In 1997, when the appellant filed its application for patent, the law in India with regard to product patent was in a transitional stage and the appellant's application lay dormant under an arrangement called 'the mailbox procedure'. Before the application for patent was taken up for consideration, the appellant made an application (Application No. EMR/01/2002) on March 27, 2002, for grant of exclusive marketing rights (EMR) for the subject product under section 24A of the Act, which was at that time on the statute book and which now stands deleted. The Patent Office granted EMR to the appellant by order dated November 10, 2003.

13. The appellant's application for patent was taken out of the 'mailbox' for consideration only after amendments were made in the Patents Act, with effect from January 1, 2005. But before it was taken up for consideration, the patent application had attracted five (5) pre-grant oppositions in terms of section 25(1) of the Act. And it was in response to the pre-grant oppositions that the appellant had filed the affidavits on the issue of bioavailability of Imatinib Mesylate in beta crystalline form.

14. The Assistant Controller of Patents and Designs heard all the parties on December 15, 2005, as provided under rule 55 of the Patent Rules, 2003, and rejected the appellant's application for grant of patent to the subject product by 5 (five) separate, though similar, orders passed on January 25, 2006 on the 5 (five) opposition petitions. The Assistant Controller held that the invention claimed by the appellant was anticipated by prior publication, i.e., the Zimmermann patent; that the invention claimed by the appellant was obvious to a person skilled in the art in view of the disclosure provided in the Zimmermann patent specifications; and further that the patentability of the alleged invention was disallowed by section 3(d) of the Act; and also that July 18, 1997, the Swiss priority date, was wrongly claimed as the priority date for the application in India and hence, the alleged invention was also anticipated by the specification made in the application submitted in Switzerland.

15. At that time, the appellate authority under the Act had yet to become functional. The appellant, therefore, challenged the orders passed by the Assistant Controller in writ petitions filed directly before the Madras High Court. Apart from challenging the orders of the Assistant Controller, the appellant also filed two writ petitions (one by the appellant and the other by its Indian power of attorney holder) seeking a declaration that section 3(d) of the Act is unconstitutional because it not only violates Article 14 of the Constitution of India but is also not in compliance with 'TRIPS'.

After the formation of the Intellectual Property Appellate Board, the five writ petitions challenging the five orders of the Assistant Controller were transferred from the High Court to IPAB by order dated April 4, 2007, where these cases were registered as appeals and were numbered as TA/1 to 5/2007/PT/CH. The other two writ petitions assailing section 3(d) of the Act were finally heard by a Division Bench of the High Court and dismissed by the judgment and order dated August 6, 2007. The appellant did not take that matter any further.

16. The appellant's appeals against the orders passed by the Assistant Controller were finally heard and dismissed by the IPAB by a long and detailed judgment dated June 26, 2009.

17. The IPAB reversed the findings of the Assistant Controller on the issues of anticipation and obviousness. It held that the appellant's invention satisfied the tests of novelty and non-obviousness, and further that in view of the amended section 133, the appellant was fully entitled to get July 18, 1997, the date on which the patent application was made in Switzerland, as the priority date for his application in India. The IPAB, however, held that the patentability of the subject product was hit by section 3(d) of the Act. Referring to section 3(d) the IPAB observed:

'Since India is having a requirement of higher standard of inventive step by introducing the amended section 3(d) of the Act, what is patentable in other countries will not be patentable in India. As we see, the object of amended section 3(d) of the Act is nothing but a requirement of higher standard of inventive step in the law particularly for the drug/pharmaceutical substances.'

18. The IPAB also referred to the judgment of the Madras High Court, dismissing the appellant's writ petitions challenging the constitutional validity of section 3(d) where the High Court had observed:

'We have borne in mind the object which the amending Act wanted to achieve namely, to prevent evergreening; to provide easy access to the citizens of the country to life saving drugs and to discharge their constitutional obligation of providing good health care to its citizens.'

19. In light of the High Court's observation, the IPAB also referred to the pricing of the drug Gleevec by the appellant while it enjoyed EMR over it, and held that the patentability of the subject product would also be barred by section 3(b) of the Act and in this regard observed as follows:

'We are fully conscious of the Appellant's benevolent GIPAP program for free distribution of GLEEVEC to certain cancer patients. But as per information furnished in its written counter-argument by R 3 that when the Appellant was holding the right as EMR on GLEEVEC it used to charge Rs.1,20,000/- per month for a required dose of the drug from a cancer patient, not disputed by the Appellant, which in our view is too unaffordable to the poor cancer patients in India. Thus, we also observe that a grant of product patent on this application can create a havoc to the lives of poor people and their families affected with the cancer for which this drug is effective. This will have disastrous effect on the society as well. Considering all the circumstances of the appeals before us, we observe that the Appellant's alleged invention won't be worthy of a reward of any product patent on the basis of its impugned application for not only for not satisfying the requirement of section

3(d) of the Act, but also for its possible disastrous consequences on such grant as stated above, which also is being attracted by the provisions of section 3(b) of the Act which prohibits grant of patent on inventions, exploitation of which could create public disorder among other things (Sic .) We, therefore, uphold the decision of R 8 on section 3(d) of the Act to the extent that product patent cannot be made available to the Appellant...'

20. Though agreeing with the Assistant Controller that no product patent for the subject patent could be allowed in favour of the appellant, the IPAB held that the appellant could not be denied the process patent for preparation of Imatinib Mesylate in beta crystal form. The IPAB ordered accordingly.

[Present SLP]

21. Against the order of the IPAB the appellant came directly to this Court in a petition under Article 136 of the Constitution. **[Remaining Para Content Deleted]**

22. Initially some of the respondents strongly opposed the maintainability of the petitions made directly to this Court by-passing the High Court, but in the end, all agreed that given the importance of the matter, this Court may itself decide the appeals instead of directing the appellant to move the High Court. It is in such circumstances that we agreed to hear the parties and decide the appeals on merits. However, we, wish to make it clear that any attempt to challenge the IPAB order directly before this Court, side-stepping the High Court, needs to be strongly discouraged and this case is certainly not to be treated as a precedent in that regard.

[Para 23 Deleted]

24. In connection with the case of the appellant, the first and foremost thing that needs to be kept in mind is that it falls in the transitional period between two fundamentally different patent regimes. In 1998, when the application was made on behalf of the appellant, the Patents Act, 1970, had a provision in section 5 with the marginal heading, 'Inventions where only methods or processes of manufacture patentable' that barred grant of patent to substances intended for use, or capable of being used, as food or medicine or drug, or prepared or produced by chemical processes. The application was then put in the 'mailbox' and was taken out for consideration when many changes had been made in the Patents Act, 1970, with effect from January 1, 2005, to make the patent law in the country compliant with the terms of an international agreement entered into by the Government of India.

Following the international agreement, the Patents Act, 1970, was subjected to large scale changes in three stages; and finally, by the Patents (Amendment) Act, 2005, section 5 was altogether deleted from the Parent Act (Patents Act, 1970).

Between January 1, 1995 and January 1, 2005, the Patents Act, 1970, underwent wide ranging changes, but if we are asked to identify the single most important change brought about in the law of patent in India as a result of the country's obligations under the international agreement, we would unhesitatingly say the deletion of section 5 from the Patents Act, which opened the doors to product patents in the country. It is, however, important to note that the removal of section 5 from the statute book was accompanied by amendments in clauses (j) and (ja) of section 2(1), apart from some other ancillary clauses of section 2(1), as well as amendments in section 3, which redefined the concepts of invention and patentability.

25. Some important provisions of the Patents Act, 1970, as they stand after the amendment of the Act in 2005, and with which we are especially concerned in this case, indeed present a problem of interpretation. Why was section 5, which, in one sense, was the distinctive feature of the patent law in India, taken off the statute book? What does the legislature wish to say through clauses (j) and (ja) of section 2(1), section 3 and several other sections? How is it that some of the provisions of the Act apparently seem to be of no use or purpose, e.g., sections 2(1)(l) and 2(1)(ta)? Why is it that some of the crucial provisions in the Act appear to be wanting in precision and clarity?

26. It is easy to know why section 5 was deleted but to understand the import of the amendments in clauses (j) and (ja) of section 2(1) and the amendments in section 3 it is necessary to find out the concerns of Parliament, based on the history of the patent law in the country, when it made such basic changes in the Patents Act. What were the issues the legislature was trying to address? What was the mischief Parliament wanted to check and what were the objects it intended to achieve through these amendments?

[Para 27-29 Deleted]

[Legislative History of Patent Law in India]

30. Therefore, in order to correctly understand the present law, it would be necessary to briefly delve into the legislative history of the law of patents in the country.

31. At the time of Independence, India's patent regime was governed by the Patents and Designs Act, 1911, which had provisions both for product and process patents. It was, however, generally felt that the patent law had done little good to the people of the country. The way the Act was designed benefited foreigners far more than Indians. It did not help at all in the promotion of scientific research and industrialization in the country, and it curbed the innovativeness and inventiveness of Indians.

32. Shortly after Independence, therefore, in 1949, a committee was constituted under the chairmanship of Justice (Dr.) Bakshi Tek Chand, a retired judge of the Lahore High Court, to undertake a comprehensive review of the working of the 1911 Act.

33. The Committee submitted its interim report on August 4, 1949 and the final report in 1950 making recommendations for prevention of misuse or abuse of patent rights in India. It also

observed that the Patent Act should contain a clear indication that food and medicine and surgical and curative devices were to be made available to the public at the cheapest price commensurate with giving reasonable compensation to the patentee. Based on the committee's recommendations, the 1911 Act was amended in 1950 (by Act XXXII of 1950) in relation to working of inventions, including compulsory licensing and revocation of patents. In 1952, a further amendment was made (by Act LXX of 1952) to provide for compulsory license in respect of food and medicines, insecticide, germicide or fungicide, and a process for producing substance or any invention relating to surgical or curative devices. The committee's recommendation prompted the Government to introduce a bill (Bill no. 59 of 1953) in Parliament, but the bill was not pressed and it was allowed to lapse.

34. In 1957, another committee came to be appointed under the chairmanship of Justice N. Rajagopala Ayyangar to take a fresh look at the law of patent and to completely revamp and recast it to best sub-serve the (contemporary) needs of the country.

[Para 35-36 Deleted]

37. Observing that industrial countries and under-developed countries had different demands and requirements, Justice Ayyangar pointed out that the same patent law would operate differently in two countries at two different levels of technological and economic development, and hence the need to regulate the patent law in accordance with the need of the country. Commenting upon the Patents and Designs Act, 1911, (even after its post-Independence amendments) Justice Ayyangar said:

'It is further obvious however that the system would not yield the same results when applied to under-developed countries. I entirely agree with the views of the Patents Enquiry Committee that 'the Indian Patent system has failed in its main purpose, namely, to stimulate invention among Indians and to encourage the development and exploitation of new inventions for industrial purposes in the country so as to secure the benefits thereof to the largest section of the public.' (Interim Report, p. 165).

38. Justice Ayyangar observed that the provisions of the Patent law have to be designed, with special reference to the economic conditions of the country, the state of its scientific and technological advancement, its future needs and other relevant factors, and so as to minimize, if not to eliminate, the abuses to which a system of patent monopoly is capable of being put. Bearing in view the matters set above, he recommended retaining the patent system, but with a number of improvements.

39. One of the improvements suggested was to define, with precision, those inventions which should be patentable and equally clearly identify certain inventions, the grant of patents to which would retard research, or industrial progress, or be detrimental to the national health or well-being, and to make those inventions non-patentable.

40. Justice Ayyangar's report specially discussed (a) patents for chemical inventions; and (b) patents for inventions relating to food and medicine.

[Para 41 Deleted]

42. Coming to the patents for inventions relating to food and medicine, Justice Ayyangar pointed out that barring the US, there was hardly any country that allowed unrestricted grant of patents in respect of articles of food and medicines, or as to the licensing and working of patents in this class. **[Portion Deleted]**

He explained that the reason for this state of law is stated to be that the denial of product claims is necessary in order that important articles of daily use such as medicine or food, which are vital to the health of the community, should be made available to everyone at reasonable prices and that no monopoly should be granted in respect of such articles. It is considered that the refusal of product patents would enlarge the area of competition and thus result in the production of these articles in sufficient quantity and at the lowest possible cost to the public.

43. Justice Ayyangar submitted a comprehensive Report on Patent Law Revision in September 1959 and the new law of patent, namely, the Patents Act, 1970, came to be enacted mainly based on the recommendations of the report, and came into force on April 20, 1972, replacing the Patents and Designs Act, 1911.

[Para 44 Deleted]

45. Sections 1 and 2 comprised Chapter I, following which Chapter II was headed 'Inventions not patentable'. Chapter II had three sections which, as originally framed, are as under:

Section 3. What are not inventions.— The following are not inventions within the meaning of this Act,—

- a) an invention which is frivolous or which claims anything obviously contrary to well established natural laws;
- b) an invention the primary or intended use of which would be contrary to law or morality or injurious to public health;
- c) the mere discovery of a scientific principle or the formulation of an abstract theory;
- d) the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant;

e) a substance obtained by a mere admixture resulting only in the aggregation of the properties of the components thereof or a process for producing such substance;

f) the mere arrangement or re-arrangement or duplication of known devices each functioning independently of one another in a known way;

g) a method or process of testing applicable during the process of manufacture for rendering the machine, apparatus or other equipment more efficient or for the improvement or restoration of the existing machine, apparatus or other equipment or for the improvement or control of manufacture;

h) a method of agriculture or horticulture;

i) any process for the medicinal, surgical, curative, prophylactic or other treatment of human beings or any process for a similar treatment of animals or plants to render them free of disease or to increase their economic value or that of their products. Section 4. Inventions relating to atomic energy not patentable.— No patent shall be granted in respect of an invention relating to atomic energy falling within subsection (1) of section 20 of the Atomic Energy Act, 1962 (33 of 1962).

Section 5. Inventions where only methods or processes of manufacture patentable.— In the case of inventions—

a) claiming substances intended for the use, or capable of being used, as food or as medicine or drug, or

b) relating to substances prepared or produced by chemical processes (including alloys, optical glass, semi-conductors and inter-metallic compounds), no patent shall be granted in respect of claims for the substances themselves, but claims for the methods of processes of manufacture shall be patentable.'

46. It is significant to note that section 5 in chapter II of the Act expressly excluded product patents for substances intended for use and capable of being used as food or as medicine or drug, and substances prepared or produced by chemical process, and made these substances non-patentable. Section 4 similarly prohibited grant of patent in respect of an invention relating to atomic energy. The Act thus clearly recognized and maintained the distinction between invention and patentability.

[Paras 47-58 Deleted]

59. Even as the country's pharmaceutical industry, helped by the basic changes made in the patent system by the Patent Act, 1970, was going from strength to strength, certain developments were taking place at the international level that would deeply impact the Patent system in the country.

Following the Uruguay round of multilateral negotiations under the General Agreement on Tariffs and Trade (GATT), the Agreement on Trade- Related Aspects of Intellectual Property Rights (The TRIPS) was arrived at and it came into force on January 1, 1995. The TRIPS Agreement is the most comprehensive multilateral agreement to set detailed minimum standards for the protection and enforcement of intellectual property rights, and aims at harmonizing national intellectual property systems. All members of the World Trade Organisation (WTO) are bound by the obligations under the TRIPS Agreement. India is one of the founding members of the GATT and thus a member of the WTO from its inception from January 1, 1995, and is bound by the obligations under TRIPS Agreement like all other members of the WTO.

[Paras 60- 65 Deleted]

66. We have referred to the TRIPS Agreement and certain developments arising from it not to comment upon the fairness or otherwise of the Agreement nor to examine the correctness and wisdom of the decision of the Government of India to subscribe to the Agreement. That is farthest from our mind. We have referred to the Agreement as being the main reason behind the basic changes brought about in the patent law of the country by legislative action. We have also referred to the Agreement as being the cause of a good deal of concern not only in this country but also (as we shall see presently) in other parts of the world; the concern being that patent protection to pharmaceutical and agricultural chemical products might have the effect of putting life-saving medicines beyond the reach of a very large section of people. In the following lines we shall see how the Indian legislature addressed this concern and, while harmonizing the patent law in the country with the provisions of the TRIPS Agreement, strove to balance its obligations under the international treaty and its commitment to protect and promote public health considerations, not only of its own people but in many other parts of the world (particularly in the Developing Countries and the Least Developed Countries).

67. We have seen above that, simultaneously with the TRIPS coming into force, the Government of India had brought an Ordinance to comply with the provisions of Article 70 (8) and (9), but the Ordinance lapsed without being replaced by any enactment. Complaints were then filed on which pronouncements were made against India. On the complaint filed by the USA, the decision of the Appellate Body was rendered on December 19, 1997; and on the complaint filed by the European Communities, the report of the Panel came on August 24, 1998. Thus, faced with the threat of trade sanctions, Parliament passed the Patents (Amendment) Act 1999 (Act No. 17 of 1999) on March 26, 1999, which amended the provisions of the Patents Act 1970 retrospectively, with effect from January 1, 1995, the date when the TRIPS Agreement came into force. By the Amendment Act of 1999, section 5 of the Parent Act was amended to provide for making 'a claim

for patent of an invention for a substance itself intended for use or capable of being used, as medicine or drug'. The Amendment Act further incorporated in the Parent Act, Chapter IVA, which contained provisions for grant of exclusive marketing rights in respect of pharmaceutical substances for which a claim for patent was made under section 5 of the Act. The Amendment Act of 1999 thus complied with Article 70(8) and (9) of the TRIPS Agreement.

68. Three years later the Patents (Amendment) Act, 2002 (Act No. 38 of 2002) came to be enacted on June 25, 2002. It brought large scale amendments in the Patents Act, 1970. The Statement of Objects and Reasons for the Amendment Act of 2002 is stated as under:

'Amendment Act 38 of 2002 – Statement of Objects and Reasons.– The law relating to patents is contained in the Patents Act, 1970 which came into force on the 20th April, 1972. The Act was last amended in March, 1999 to meet India's obligations under the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) which forms part of the Agreement establishing the World Trade Organisation (WTO). Development of technological capability in India, coupled with the need for integrating the intellectual property system with international practices and intellectual property regimes, requires that the Act be modified into a modern, harmonised and user-friendly legislation to adequately protect national and public interests while simultaneously meeting India's international obligations under the TRIPS Agreement which are to be fulfilled by 31st December, 1999.

2. xxx

3. While considering amendment to the Act, efforts have been made to make the law not only TRIPS complaint (sic) but also to provide therein necessary and adequate safeguards for protection of public interest, national security, bio-diversity, traditional knowledge, etc. Opportunity is also proposed to be availed of for harmonising the procedure for grant of patents in accordance with international practices and to make the system more user friendly.

4. Some of the salient features of the Bill are as under:–

(a) to define the term 'invention' in consonance with international practices and consistent with TRIPS Agreement;

(b) to modify section 3 of the present Act to include exclusions permitted by TRIPS Agreement and also subject-matters like discovery of any living or non-living

substances occurring in nature in the list of exclusions which in general do not constitute patentable invention;

(c) to align rights of patentee as per article 28 of the TRIPS Agreement;

(d) to (k) xxx;

(l) to amend several provisions of the Act with a view to simplifying and rationalising the procedures aimed at benefiting users.

(emphasis added)

69. The Amendment Act of 2002 greatly expanded the definition clause in section 2 of the Parent Act by including a number of new expressions and terms and redefining some earlier terms.

70. 'Invention' was defined in the Parent Act as under:

'Section 2(1)(j) 'Invention' means any new and useful-

i) art, process, method or manner of manufacture;

ii) machine, apparatus or other article;

iii) substance produced by manufacture, and includes any new and useful improvement of any of them, and an alleged invention.'

71. 'Invention' was re-defined by the Amendment Act of 2002 as under:

'Section 2(1)(j) 'invention' means a new product or process involving an inventive step and capable of industrial application.'

72. The expressions 'capable of industrial application' and 'inventive step' were separately defined in clauses (ac) and (ja) respectively which are as under:

'Section 2(1)(ac) 'capable of industrial application', in relation to an invention, means that the invention is capable of being made or used in an industry.

Section 2(1)(ja) 'inventive step' means a feature that makes the invention not obvious to a person skilled in the art.'

73. Section 3 of the Parent Act, which provided for exclusions from patentability, was recast. In section 5 of the Parent Act, an Explanation was added after sub-section (2). Chapter XVI was

substituted with the Chapter Heading 'Working of Patents, Compulsory Licenses and Revocation'. Section 83 in this Chapter laid down the general principles applicable to working of patented inventions; section 84 provided for compulsory licenses; and section 85 for revocation of patents for non-working. Here, it may not be out of place to take note of section 83 which provided as under:

'Section 83: General principles applicable to working of patented inventions.– Without prejudice to the other provisions contained in this Act, in exercising the powers conferred by this Chapter, regard shall be had to the following general considerations, namely: -

- a) that patents are granted to encourage inventions and to secure that the inventions are worked in India on a commercial scale and to the fullest extent that is reasonably practicable without undue delay;
- b) that they are not granted merely to enable patentees to enjoy a monopoly for the importation of the patented article;
- c) that the protection and enforcement of patent rights 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;
- d) that patents granted do not impede protection of public health and nutrition and should act as instrument to promote public interest specially in sectors of vital importance for socio- economic and technological development of India;
- e) that patents granted do not in any way prohibit Central Government in taking measures to protect public health;
- f) that the patent right is not abused by the patentee or person deriving title or interest on patent from the patentee, and the patentee or a person deriving title or interest on patent from the patentee does not resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology; and
- g) that patents are granted to make the benefit of the patented invention available at reasonably affordable prices to the public.'

74. The many amendments to and enlargement of the Parent Act by the Amendment Act of 2002 laid most of the ground-work, but India was yet to take the one final step to make its patent law compliant with the mandate of TRIPS. And that was to amend the Act to allow for grant of product patents for pharmaceutical and agricultural chemical substances.

[Para 75 Deleted]

76. Parliament had an absolutely unenviable task on its hands. It was required to forge, within a very limited time, an Act that would be TRIPS compliant without, in any way, compromising on public health considerations. [Remaining Para Content Deleted]

[Para 77 Deleted]

78. It was thus under the twin pressure of time and anxiety to safeguard the public health objectives that Parliament was called upon to deliberate over the amendments required to be made in the patent law to make it fully compliant with the TRIPS Agreement.

[Paras 79-85 on Parliamentary Deliberations Deleted]

86. After deliberations that took place for just four days, the Patents Act, 1970, came in a completely new avatar. The haste with which the Government was constrained to rush the Bill through Parliament to make the law compatible with the TRIPS Agreement perhaps explains the somewhat unclear drafting of some very important provisions, which called for much greater clarity; the presence of some terms and expressions in the definition section that are nowhere used in the Act; and a few loose ends that could have been properly tied up if more time and attention was given to the drafting. (**emphasis added**)

[Present Law on Patents]

87. We have seen in some detail the 'why' and the 'how' of the law. Let us now examine what the law is in light of its 'why' and 'how'. In order to understand the meaning of 'invention' under the Patents Act, 1970, as it stands today after its amendment by the amending Act of 2005, we must refer to clauses (ac), (j) and (ja) of section 2(1) of the Act:

'Section 2. Definitions and interpretation. — (1) In this Act, unless the context otherwise requires,— (ac) 'capable of industrial application', in relation to an invention, means that the invention is capable of being made or used in an industry;

(j) 'invention' means a new product or process involving an inventive step and capable of industrial application;

(ja) 'inventive step' means a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art;'

88. Section 2(1)(j) requires a product to satisfy three conditions to qualify as an invention.

- i) It must be 'new', that is to say it must not have been anticipated;
- ii) Its coming into being must involve an 'inventive step'; and
- iii) It must be 'capable of industrial application', that is to say it must be capable of being made or used in an industry [section 2(1)(ac)].

89. 'Inventive step' is separately defined in section 2(ja) to mean a feature of an invention that involves technical advance as compared to the existing knowledge, or having economic significance or both and that makes the invention not obvious to a person skilled in the art. To paraphrase, the invention that creates the product must have a feature that involves technical advance as compared to the existing knowledge or having economic significance or both and this feature should be such as to make the invention not obvious to a person skilled in the art.

90. On a combined reading of causes (j), (ac) and (ja) of section 2(1), in order to qualify as 'invention', a product must, therefore, satisfy the following tests:

- i) It must be 'new';
- ii) It must be 'capable of being made or used in an industry'
- iii) It must come into being as a result of an invention which has a feature that:
 - a) entails technical advance over existing knowledge;

Or

- b) has an economic significance And
- c) makes the invention not obvious to a person skilled in the art.

91. We have seen the meaning of 'invention'; we have also seen earlier that the Patents Act, 1970, dealt with 'invention' and 'patentability' as two distinctly separate concepts. The duality of the two concepts is best illustrated by section 4 of the Act, which prohibits the grant of patent (either process or product) 'in respect of inventions relating to atomic energy falling within sub-section (1) of section 20 of the Atomic Energy Act, 1962', and which has not undergone any change since inception. It is, therefore, fundamental that for grant of patent the subject must satisfy the twin tests of 'invention' and 'patentability'. Something may be an 'invention' as the term is generally understood and yet it may not qualify as an 'invention' for the purposes of the Act. Further, something may even qualify as an 'invention' as defined under the Act and yet may be denied patent for other larger considerations as may be stipulated in the Act. Having, therefore, seen the meaning of 'invention', we may now advert to section 3 as it stands after the amendment of the Act in 2005.

92. Section 3 is in Chapter II of the Act, which initially contained sections 3, 4 and 5, but after the deletion of section 5 with effect from January 1, 2005, Chapter II has only two sections: sections 3 and 4. The Chapter has the Heading 'Inventions Not Patentable' and section 3 has the marginal heading 'What are not inventions.' As suggested by the Chapter heading and the marginal heading of section 3, and as may be seen simply by going through section 3, it puts at one place provisions of two different kinds: one that declares that certain things shall not be deemed to be 'inventions' [for instance clauses (d) & (e)]; and the other that provides that, though resulting from invention, something may yet not be granted patent for other considerations [for instance clause (b)].

93. For the purpose of these appeals, however, we need only to focus on clause (d) of section 3.

94. We have seen earlier that, in course of the debate in Parliament, an amendment (by way of addition) in clause (d) of section 3 was proposed by the Government in order to allay the fears of the members from the Opposition concerning the introduction of product patents for pharmaceuticals and agricultural chemicals, and it was on the Government's assurance that the proposed amendment in section 3(d) (besides some other changes in the Act) would take care of the apprehensions about the abuse of product patent in medicines and agricultural chemical substances that the Bill was passed by Parliament. We once again examine here what was the amendment introduced in section 3(d) by the amending Act of 2005. Immediately before its amendment in 2005, section 3(d) was, in the Patents (Amendment) Ordinance, 2004 (Ordinance No. 7 of 2004), as under:— 'Section 3. What are not inventions.— The following are not inventions within the meaning of this Act,—

(d) the mere discovery of any new property or mere new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant.'

95. After the amendment with effect from Jan 1, 2005, section 3(d) stands as under: -

'Section 3. What are not inventions.— The following are not inventions within the meaning of this Act,—

(d) the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant.

Explanation.—For the purposes of this clause, salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance shall be considered to be the same substance, unless they differ significantly in properties with regard to efficacy.'

96. As may be seen, the amendment (i) adds the words 'the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or' at the beginning of the provision; (ii) deletes the word 'mere' before 'new use'; and (iii) adds an explanation at the end of the clause.

97. A perusal of the Parliamentary debate would further reveal that the whole debate centred on medicines and drugs. It would not be an exaggeration to say that eighty per cent of the debate was focused on medicines and drugs and the remaining twenty per cent on agricultural chemicals. In the entire debate, no substance of any other kind came under discussion.

98. The aforementioned amendment in section 3(d) is one of the most crucial amendments that saw the Bill through Parliament and, as noted, the amendment is primarily in respect of medicines and drugs and, to some extent, agricultural chemical substances.

99. In regard to section 3(d) both Mr. Andhyarujina and Mr. Subramaniam, learned counsel appearing for the appellant, strenuously argued that section 3(d) is not meant to be an exception to clauses (j) and (ja) of section 2(1) of the Act. Both the learned counsel insisted that section 3(d) has no application to the case of the subject product. The subject product, having satisfied the tests of invention as provided in clauses (j) and (ja) of section 2(1), cannot be denied patent for allegedly failing to satisfy the tests under section 3(d). Mr. Andhyarujina submitted that section 3(d) is a provision put in *ex abundanti cautela non nocet* to remove all doubts.

100. Mr. Subramaniam submitted that section 3(d) is *ex majore cautela*. The learned counsel submitted that the primary purpose of section 3(d), as is evidenced from the legislative history, is to prevent 'evergreening' and yet to encourage incremental inventions. 'Evergreening' is a term used to label practices that have developed in certain jurisdictions wherein a trifling change is made to an existing product, and claimed as a new invention. The coverage/protection afforded by the alleged new invention is then used to extend the patentee's exclusive rights over the product, preventing competition. Mr. Subramaniam submitted that, by definition, a trifling change, or in the words of the section 'a mere discovery of a new form of a known substance', can never ordinarily meet the threshold of novelty and inventive step under clauses (j) and (ja) of section 2(1). An invention cannot be characterized by the word 'mere'. The word 'invention' is distinct from the word 'discovery'. He, therefore, submitted that section 3(d) operates only as *ex majore cautela*, ensuring that mere discoveries can never, by an effort at interpretation of clauses (j) and (ja) of section 2(1), be considered inventions.

101. In regard to the concerns about public health issues and the flexibility of the TRIPS Agreement coupled with the Doha Declaration, allowing the scope to address the issues of public health, Mr. Subramaniam submitted that those concerns are addressed in the Act, in provisions relating to compulsory licensing, revocation of patents, and the multiple stages for opposition to the grant of patent.

102. The submission may appear plausible if the scrutiny of the law is confined only to the Act as it stands today after undergoing the amendments in 2005. But examined in the larger perspective of the development of the law of patent over the past 100 years and especially keeping in mind the debates in the Parliament preceding the 2005 amendment, it would appear completely unacceptable. We find no force in this submission that section 3(d) is a provision ex majore cautela. To our mind, the submission completely misses the vital distinction between the concepts of invention and patentability – a distinction that was at the heart of the Patents Act as it was framed in 1970, and which is reinforced by the 2005 amendment in section 3(d).

103. We are clearly of the view that the importance of the amendment made in section 3(d), that is, the addition of the opening words in the substantive provision and the insertion of explanation to the substantive provision, cannot be under-estimated. It is seen above that, in course of the Parliamentary debates, the amendment in section 3(d) was the only provision cited by the Government to allay the fears of the Opposition members concerning the abuses to which a product patent in medicines may be vulnerable. We have, therefore, no doubt that the amendment/addition made in section 3(d) is meant especially to deal with chemical substances, and more particularly pharmaceutical products. The amended portion of section 3(d) clearly sets up a second tier of qualifying standards for chemical substances/pharmaceutical products in order to leave the door open for true and genuine inventions but, at the same time, to check any attempt at repetitive patenting or extension of the patent term on spurious grounds.

104. We have so far seen section 3(d) as representing 'patentability', a concept distinct and separate from 'invention'. But if clause (d) is isolated from the rest of section 3, and the legislative history behind the incorporation of Chapter II in the Patents act, 1970, is disregarded, then it is possible to see section 3(d) as an extension of the definition of 'invention' and to link section 3(d) with clauses (j) and (ja) of section 2(1). In that case, on reading clauses (j) and (ja) of section 2(1) with section 3(d) it would appear that the Act sets different standards for qualifying as 'inventions' things belonging to different classes, and for medicines and drugs and other chemical substances, the Act sets the invention threshold further higher, by virtue of the amendments made in section 3(d) in the year 2005.

105. Admittedly, the genesis of this patent application lies in one of the derivatives of N-phenyl-2- pyrimidine-amine in free base called Imatinib, vide example 21 of the Zimmermann patent. According to the appellant, beginning with Imatinib, the subject product, i.e., Imatinib Mesylate in beta crystalline form, was brought to being by not one but two inventions.

106. The first invention lies in selecting example 21 out of the 37 examples given in the Zimmermann patent and then choosing methane sulfonic acid to produce the methane sulfonic acid addition salt of the free base Imatinib, called Imatinib Mesylate.

It was emphasized by both Mr. Gopal Subramaniam and Mr. Andhyarujina, Senior Advocates appearing for the appellant, that the Zimmermann patent did not teach or suggest to a person skilled in the art to select example 21 in preference to other compounds of which examples were

given in the Zimmermann patent. Further, even if example 21 was selected, the Zimmermann patent did not teach a person to select one particular salt. The Zimmermann patent did not teach a person how to prepare Mesylate salt of example 21. Hence, the coming into being of Imatinib Mesylate from Imatinib in free base was the result of an invention that involved technical advance as compared to the existing knowledge and brought into existence a new substance.

107. In the second invention, the appellant arrived at the beta crystal form of methane sulfonic acid addition salt of Imatinib. It was contended on behalf of the appellant that once the salt form of Imatinib was arrived at, the inventors had to further research to be able to ensure that that particular salt form of Imatinib is suitable for administration in a solid oral dosage form. This research further required defining the process parameters that brought into being the beta crystalline form of Imatinib Mesylate. It was argued on behalf of the appellant that there is certainly no mention of polymorphism or crystalline structure in the Zimmermann patent. The relevant crystalline form of the salt that was synthesized needed to be invented. There was no way of predicting that the beta crystalline form of Imatinib Mesylate would possess the characteristics that would make it orally administrable to humans without going through the inventive steps. It was further argued that the Zimmermann patent only described, at most, how to prepare Imatinib free base, and that this free base would have anti-tumour properties with respect to the BCR ABL kinase. Thus, arriving at the beta-crystalline form of Imatinib Mesylate for a viable treatment of Chronic Myeloid Leukaemia required further invention – not one but two, starting from Imatinib in free base form, as stated above.

[Paras 108-113 Deleted]

114. The US Patent No. 5,521,184 (the Zimmermann patent) was granted on May 28, 1996.

115. Later, the appellant made the application for patent for beta crystalline form of Imatinib Mesylate (the subject of the present appeals) in the US on January 18, 2000. The US patent for beta crystalline form of Imatinib Mesylate was granted to the appellant about five and a half years later on May 17, 2005 following the order of the US Appellate Court dated November 23, 2003. It is, however, interesting to note that Gleevec, the drug was launched much earlier in the market, on the basis of the Zimmermann patent itself.

116. On April 9, 1998, the appellant filed the Investigational New Drug Application (IND # 55,666) for Gleevec and on February 27, 2001, the original New Drug Application (NDA # 21-335) before the Food and Drug Administration (FDA), USA, for Imatinib Mesylate, formerly STI571, CGP57148B (capsules) for the treatment of patients with Chronic Myeloid Leukaemia.

[Content Deleted]

117. In the patent information furnished in connection with the NDA as required under (US Code) 21 C.F.R. § 314.53, the active ingredient of the drug was stated as Imatinib Mesylate. The Drug Substance (active ingredient), Drug Product (composition/formulation) and method of use were declared to be covered by US Patent No. 5,521,184 (i.e. the Zimmermann patent). It was

further declared that the United States Patent No. 5,521,184 covered the composition, formulation, and/or method of use of Imatinib Mesylate (STI571).

118. In the chemistry review(s) of the NDA # 21-335 (drug approval for capsules) made on March 27, 2001, there was again a reference to US Patent # 5,521,184 (expiration date – 5/28/2013).

119. The FDA approval for the drug Gleevec (Imatinib Mesylate) 50 mg and 100 mg capsules was granted vide Letter dated May 10, 2001. Following this, the drug was commercially launched in the market long before the grant of patent for beta crystalline form of Imatinib Mesylate.

120. In the package insert of Gleevec™ (Imatinib Mesylate capsules) the description of the drug was stated as follows:

'GLEEVEC™ capsules contain imatinib mesylate equivalent to 100 mg of imatinib free base. Imatinib mesylate is designed chemically as 4-[(4-Methyl-1-piperazinyl)methyl]-N-[4-methyl-3-[[4-(3-pyridinyl)-2-pyrimidinyl]amino]-phenyl]benzamide methane sulfonate...'

121. After the grant of drug approval for Gleevec, on July 3, 2001, the appellant made a Patent Term Extension Application for the Zimmermann patent (US Patent No. 5,521,184) under 35 USC § 156(g)(1)(B), for extending the term of the patent for the time taken in the regulatory review for Gleevec. **This application leaves no room for doubt that Imatinib Mesylate, marketed under the name Gleevec, was submitted for drug approval as covered by the Zimmermann patent.** In column 4 of the application, it was stated that the sole active ingredient in Gleevec is Imatinib Mesylate. Further, it was stated that Imatinib, or any salt thereof, including Imatinib Mesylate, had not previously been approved for commercial marketing under the Federal Food, Drug and Cosmetic Act prior to the approval of NDA # 21-

235. In column 9 of the application, it was stated as under:

'(9) Statement Showing How the Claims of the Patent for Which Extension is Sought Cover the Approved Product:

The operative claims in question are Claims 1-5, 10-13, and 21-23. Each of claims 1-5, 10-13 and 23 claim a compound or compounds which include the approved product, imatinib mesylate. Claim 21 claims a composition containing a compound or compounds which include the approved product, imatinib mesylate. Claim 22 claims a method of treating tumours in warm-blooded animals with a compound or compounds which include the approved product, imatinib mesylate.'

122. The application was accepted and the term of the patent, which was due to expire on May 28, 2013, was extended for the period of 586 days.

123. It is noted above that the appellant had made an application no. 09/463,097 in the USA for grant of patent for beta crystalline form of Imatinib Mesylate. The application was rejected by the examiner and, against the examiner's decision, the appellant preferred an appeal (that is, appeal no. 2003-0919) before the Board of Patent Appeals and Interferences. The Board of Patent Appeals, by its judgment and order dated November 23, 2003, allowed the appellant's appeal and reversed the examiner's decision, rejecting claims 1 through 8, 10, and 13 through 16. Dealing with the examiner's rejection of appellant's claim 14 under 35 USC § 112, the Board of Patent Appeals referred to claims 21 and 22 of the Zimmermann patent. With reference to those claims in the Zimmermann patent, the Board of Patent Appeals observed and held as under:

'Under the provisions 35 U.S.C. § 282, a patent shall be presumed valid; and each claim of a patent shall be presumed valid independently of the validity of other claims.

Accordingly, claims 21 and 22 of the U.S. Patent No.5,521,184 (the Zimmermann patent), shall be presumed valid. We may presume, therefore, that claims 21 and 22 are based on an enabling disclosure; and that the specification of the Zimmermann patent teaches any person skilled in the art how to use a compound of formula I, or a pharmaceutically acceptable salt thereof, in a pharmaceutical composition for treating tumours or in a method of treating warm-blooded animals suffering from a tumoral disease. In claim 23, Zimmermann recites imatinib, a specific compound within the scope of formula I, or a pharmaceutically acceptable salt thereof. In light of 35 U.S.C. § 282, therefore, we may presume that the specification of the Zimmermann patent teaches any person skilled in the art how to use imatinib, or a pharmaceutically acceptable salt thereof, in a pharmaceutical composition for treating tumours or in a method of treating warm-blooded animals suffering from a tumoral disease.

On these facts, we disagree that the examiner has set forth adequate reasons or evidence to doubt the objective truth of statements in applicants' specification that an effective amount of the β -crystal form of imatinib mesylate may be administered to a patient as the manipulative step in a method for treating tumour disease in a patient.

The rejection under 35 U.S.C. § 112, first paragraph, is reversed.' (emphasis added)

124. From the above passage from the judgment, it is evident that, according to the Board of Patent Appeals, the Zimmermann patent teaches any person skilled in the art how to use Imatinib, a compound of formula I, or a pharmaceutically acceptable salt thereof, in a pharmaceutical composition for treating tumours or in a method of treating warm-blooded animals suffering from a tumoral disease. However, the Board of Patent Appeals held that the teaching in the

Zimmermann patent did not go beyond Imatinib Mesylate and did not extend to beta crystalline form of Imatinib Mesylate, which represented a manipulative step in a method of treating tumour disease in a patient.

125. Further, NATCO Pharma Ltd., one of the Objectors to the grant of patent to the appellant in this country, had marketed a drug called VEENAT 100 (capsules) in the UK. A legal notice on behalf of the appellant was given to NATCO Pharma Ltd. on February 13, 2004. The notice stated that the appellant was the proprietor of European patent EP-A- 0 564 409 (the Zimmermann patent) and that this patent claimed, among other things, the compound Imatinib and acid addition salts of that compound such as the Mesylate salt. In the notice it was pointed out that NATCO Pharma Ltd. was selling, in the UK market, VEENAT 100 capsules, the active pharmaceutical ingredient of which was Imatinib Mesylate as claimed in the Zimmermann patent. The importation, sale and offer to sell VEENAT 100 capsules in the UK market infringed the Zimmermann patent and NATCO Pharma Ltd. was therefore warned to immediately cease the importation, sale and promotion of VEENAT 100 capsules and other pharmaceutically substances containing 'Imatinib'. The matter was finally settled out of court, we are told, at considerable expense to NATCO Pharma Ltd. which of course had to stop marketing its drug VEENAT 100 capsules in the UK.

126. From the above discussion it would be clear that the drug Gleevec directly emanates from the Zimmermann patent and comes to the market for commercial sale. Since the grant of the Zimmermann patent, the appellant has maintained that Gleevec (that is, Imatinib Mesylate) is part of the Zimmermann patent. It obtained drug approval for Gleevec on that basis. It claimed extension of the term of the Zimmermann patent for the period of regulatory review for Gleevec, and it successfully stopped NATCO Pharma Ltd. from marketing its drug in the UK on the basis of the Zimmermann patent.

Not only the appellant but the US Board of Patent Appeals, in its judgment granting patent for beta crystalline form of Imatinib Mesylate, proceeded on the basis that though the beta crystal form might not have been covered by the Zimmermann patent, the Zimmermann patent had the teaching for the making of Imatinib Mesylate from Imatinib, and for its use in a pharmacological compositions for treating tumours or in a method of treating warm-blooded animals suffering from a tumoral disease. This finding was recorded by the US Board of Patent Appeals, in the case of the appellant itself, on the very same issue that is now under consideration. The appellant is, therefore, fully bound by the finding and cannot be heard to take any contrary plea.

127. We have looked, so far, at the Zimmermann patent and the developments that have taken place on its basis. We now propose to take a look at certain publications. [The discussion on the articles has been deleted]

[Paras 128-130 Deleted]

131. In the face of the materials referred to above, we are completely unable to see how Imatinib Mesylate can be said to be a new product, having come into being through an 'invention' that has a feature that involves technical advance over the existing knowledge and that would make the invention not obvious to a person skilled in the art. Imatinib Mesylate is all there in the Zimmermann patent. It is a known substance from the Zimmermann patent.

132. That Imatinib Mesylate is fully part of the Zimmermann patent is also borne out from another circumstance. It may be noted that after the Zimmermann patent, the appellant applied for, and in several cases obtained, patent in the US not only for the beta and alpha crystalline forms of Imatinib Mesylate, but also for Imatinib in a number of different forms. The appellant, however, never asked for any patent for Imatinib Mesylate in non-crystalline form, for the simple reason that it had always maintained that Imatinib Mesylate is fully a part of the Zimmermann patent and does not call for any separate patent.

133. We thus find no force in the submission that the development of Imatinib Mesylate from Imatinib is outside the Zimmermann patent and constitutes an invention as understood in the law of patent in India.

134. Mr. Andhyarujina and Mr. Gopal Subramaniam, learned Senior Advocates appearing for the appellant, strenuously argued that the patent information furnished by the appellant before the US FDA, or its Patent Term Extension Application, or the legal notice given at its behest to NATCO Pharma Ltd. should not be construed to mean that Imatinib Mesylate was anticipated in the Zimmermann patent. Mr. Andhyarujina submitted that the Zimmermann patent did not disclose Imatinib Mesylate. The Zimmermann patent did not describe any working method for converting Imatinib to Imatinib Mesylate. It only stated that a salt may be formed by acid without disclosing any method, but simply calling the method to be 'per se'. The Zimmermann patent mentioned multiple choices of compounds including Imatinib free base but not any salt of any compound, much less Imatinib Mesylate.

Mr. Andhyarujina further submitted that it is well settled that the disclosure of an invention must be in a manner clear enough and complete enough for the invention to be performed by a person skilled in the art (Terrell on Law of Patents 16th edition, page no. 51, para 3.2/7). The learned counsel further submitted that there was a difference between that which is covered and that which is disclosed. Imatinib Mesylate is covered by the Zimmermann patent but not disclosed therein. He further submitted that, in any case, in patent law subsequent conduct of the patentee is irrelevant in construing the patent (Terrell on Law of Patent 16th edition, page no. 192 citing *Glaverbel v. British* (1993) RPC 80).

[Paras 135-136 Deleted]

137. Mr. Subramaniam maintained that the boundary of the Zimmermann patent was extended up to Imatinib Mesylate but the enablement or disclosure made therein ended at Imatinib. He submitted that it was possible for Zimmermann himself, or for anyone else, to invent Imatinib

Mesylate starting from Imatinib. The inventor of Imatinib Mesylate, be it Zimmermann or anyone else, would also be entitled to get patent for Imatinib Mesylate, but in case the inventor was anyone other than Zimmermann, he would require Zimmermann's permission for marketing Imatinib Mesylate, since Imatinib had the protection of the Zimmermann patent.

138. The submissions of Mr. Andhyarujina and Mr. Subramaniam are based on making a distinction between the coverage or claim in a patent and the disclosure made therein. The submissions on behalf of the appellant can be summed up by saying that the boundary laid out by the claim for coverage is permissible to be much wider than the disclosure/enablement/teaching in a patent.

139. The dichotomy that is sought to be drawn between coverage or claim on the one hand and disclosure or enablement or teaching in a patent on the other hand, seems to strike at the very root of the rationale of the law of patent. Under the scheme of patent, a monopoly is granted to a private individual in exchange of the invention being made public so that, at the end of the patent term, the invention may belong to the people at large who may be benefited by it. **To say that the coverage in a patent might go much beyond the disclosure thus seem to negate the fundamental rule underlying the grant of patents.**

140. In India, section 10(4) of the Patents Act, 1970 mandates:

'Section 10. Contents of specifications.– (4) Every Complete specification shall –

- a) fully and particularly describe the invention and its operation or use and the method by which it is to be performed;
- b) disclose the best method of performing the invention which is known to the applicant and for which he is entitled to claim protection; and
- c) end with a claim or claims defining the scope of the invention for which protection is claimed;
- d) be accompanied by an abstract to provide technical information on the invention:

Provided that –

(i) the Controller may amend the abstract for providing better information to third parties; ...'
And, section 10(5) provides as under:

'(5) The claim or claims of a complete specification shall relate to a single invention, or to a group of inventions linked so as to form a single inventive concept, shall be

clear and succinct and shall be fairly based on the matter disclosed in the specification.'

[Paras 141-144 Deleted]

145. Nevertheless, both Mr. Andhyarujina and Mr. Subramaniam strenuously argued that the coverage or the claim, and the disclosure or the teaching, have different parameters in a patent, and that the former may have an extended boundary within which disclosure or teaching may be confined to a narrower extent. In support of the submission, Mr. Andhyarujina relied upon a decision of the Court of Appeal in *A.C. Edwards Ltd. v. Acme Signs & Displays Ltd.* and another of the High Court of Justice Chancery Divisions Patent Court in *Astellas Pharma Inc v. Comptroller-General of Patents.*

146. Mr. Gopal Subramaniam strongly relied upon the decision of United States Court of Customs and Patent Appeals in *In re Hogan* in support of his contention.

147. In *Hogan*, the Court of Customs and Patent Appeals held that a patent application that disclosed and enabled a method of making the crystalline form of polymer was entitled to a claim for the method of making a solid polymer, because the only known method for making a solid polymer at the time was the applicants' method of making the crystalline form.

[Paras 148-154 on details of Hogan decision etc deleted]

155. Mr. Subramaniam refers to the *Hogan* decision in order to support his contention that the Zimmermann patent is a patent covering a genus with certain known species, and many other species that were unknown at that time, but which are equally covered by the patent, even though there is no enabling disclosure in the patent in respect thereof.

But it is already found and held earlier that Imatinib Mesylate is a known substance from the Zimmermann patent. The finding that Imatinib Mesylate is a known substance from the Zimmermann patent is not based on the conduct of the appellant alone, as objected to by Mr. Andhyarujina, but the finding has been arrived at on an objective consideration of all the material facts and circumstances. In view of that finding, we fail to see any application of the *Hogan* decision to the facts of the case. We have also considered the two decisions relied upon by Mr. Andhyarujina. Those two decisions also have no application to the facts of the present case, for the same reason as in case of *Hogan*.

156. However, before leaving *Hogan* and proceeding further, **we would like to say that in this country the law of patent, after the introduction of product patent for all kinds of substances in the patent regime, is in its infancy. We certainly do not wish the law of patent in this country to develop on lines where there may be a vast gap between the coverage and the disclosure under the patent; where the scope of the patent is determined not on the intrinsic worth of the invention but by the artful drafting of its claims by skilful lawyers,**

and where patents are traded as a commodity not for production and marketing of the patented products but to search for someone who may be sued for infringement of the patent.

157. In light of the discussions made above, we firmly reject the appellant's case that Imatinib Mesylate is a new product and the outcome of an invention beyond the Zimmermann patent. We hold and find that Imatinib Mesylate is a known substance from the Zimmermann patent itself. Not only is Imatinib Mesylate known as a substance in the Zimmermann patent, but its pharmacological properties are also known in the Zimmermann patent and in the article published in the Cancer Research journal referred to above. The consequential finding, therefore, is that Imatinib Mesylate does not qualify the test of 'invention' as laid down in section 2(1)(j) and section 2(1)(ja) of the Patents Act, 1970.

158. This leaves us with the beta crystal form of Imatinib Mesylate, which, for the sake of argument, may be accepted to be new, in the sense that it is not known from the Zimmermann patent. (Whether or not it involves an 'inventive step' is another matter, and there is no need to go into that aspect of the matter now). Now, the beta crystalline form of Imatinib Mesylate being a pharmaceutical substance and moreover a polymorph of Imatinib Mesylate, it directly runs into section 3(d) of the Act with the explanation appended to the provision.

Mr. Subramaniam, however, contended that section 3(d) has no application in this case. The main ground on which he denied the applicability of section 3(d) to decide the question of grant of patent to the beta crystalline form of the Imatinib Mesylate is earlier held to be untenable. He, however, questioned the applicability of section 3(d) on another ground. Mr. Subramaniam submitted that in order to attract section 3(d), the subject product must be a new form of a known substance having known efficacy. The learned counsel laid some stress on the expression 'known' that equally qualifies the substance of which the subject product may be another form, and the efficacy of that substance. The learned counsel submitted that a 'conceivable' substance is not a 'known substance' within the meaning of the provision. He contended that the word 'known' here connotes proven and well-established; 'known efficacy' implies efficacy established empirically and proven beyond doubt. He further contended that neither Imatinib nor Imatinib Mesylate had any known efficacy and that, therefore, there was no question of showing that the beta crystalline form of Imatinib Mesylate had any enhanced efficacy over Imatinib or Imatinib Mesylate.

159. There is no sanction to construe the expression 'known' in section 3(d) in the manner suggested by Mr. Subramaniam, and the submission is unacceptable both in law and on facts. It may be noted here that clauses

(e) and (f) of section 64(1) of the Act, which contain two of the grounds for revocation of patents, also use the expression 'publicly known'. The expression 'publicly known' may normally be construed more widely than 'known', and in that sense it is closer to the submission made by Mr. Subramaniam. But even the expression 'publicly known' received quite the opposite interpretation

by this Court in *Monsanto Company v. Coramandal Indag Products (P) Ltd.* In paragraph 6 of the judgment, Justice Chinnappa Reddy, speaking for the Court, held and observed as under:

'...To satisfy the requirement of being publicly known as used in clauses

(e) and (f) of Section 64(1), it is not necessary that it should be widely used to the knowledge of the consumer public. It is sufficient if it is known to the persons who are engaged in the pursuit of knowledge of the patented product or process either as men of science or men of commerce or consumers. The section of the public, who, as men of science or men of commerce, were interested in knowing about Herbicides which would destroy weeds but not rice, must have been aware of the discovery of Butachlor. There was no secret about the active agent Butachlor as claimed by the plaintiffs since there was no patent for Butachlor, as admitted by the plaintiffs. Emulsification was the well-known and common process by which any herbicide could be used. Neither Butachlor nor the process of emulsification was capable of being claimed by the plaintiff as their exclusive property. The solvent and the emulsifier were not secrets and they were admittedly not secrets and they were ordinary market products. From the beginning to the end, there was no secret and there was no invention by the plaintiffs. The ingredients, the active ingredients the solvent and the emulsifier, were known; the process was known, the product was known and the use was known. The plaintiffs were merely camouflaging a substance whose discovery was known throughout the world and trying to enfold it in their specification relating to Patent Number 125381. The patent is, therefore, liable to be revoked. ...'

160. On facts also we are unable to accept that Imatinib Mesylate or even Imatinib was not a known substance with known efficacy. It is seen above that Imatinib Mesylate was a known substance from the Zimmermann patent. In the NDA submitted by the appellant before the US FDA, it was clearly stated that the drug had undergone extensive preclinical, technical and clinical research. The clinical studies included one multiple dose tolerability/dose- finding study (Phase I) and three large open, uncontrolled efficacy and safety studies (Phase II); and a total of 1,234 patients with CML and other Ph+ leukaemia was enrolled in the studies. The efficacy of Imatinib was equally known, as is evident from the Zimmermann patent itself, besides the two articles referred to above.

161. The subject product, that is, beta crystalline form of Imatinib Mesylate, is thus clearly a new form of a known substance, i.e., Imatinib Mesylate, of which the efficacy was well known. It, therefore, fully attracts section 3(d) and must be shown to satisfy the substantive provision and the explanation appended to it.

162. We now proceed to examine how far the beta crystalline form of Imatinib Mesylate stands up to the test of section 3(d) of the Act. It is noted, in the earlier part of judgment, that the patent application submitted by the appellant contains a clear and unambiguous averment that all the therapeutic qualities of beta crystalline form of Imatinib Mesylate are also possessed by Imatinib in free base. The relevant extract from the patent application is once again reproduced here:

'It goes without saying that all the indicated inhibitory and pharmacological effects are also found with the free base, 4-(4- methylpiperazin-1-ylmethyl)-N-[4-methyl-3-(4-pyridin-3-yl) pyrimidin-2- ylamino]phenyl] benzamide, or other cells thereof. The present invention relates especially to the β -crystal form of the methane sulfonic acid addition salt of a compound of formula I in the treatment of one of the said diseases or in the preparation of a pharmacological agent for the treatment thereto.' (emphasis added)

163. Now, when all the pharmacological properties of beta crystalline form of Imatinib Mesylate are equally possessed by Imatinib in free base form or its salt, where is the question of the subject product having any enhanced efficacy over the known substance of which it is a new form?

164. It may also be stated here that while going through the Zimmermann patent one cannot but feel that it relates to some very serious, important and valuable researches. The subject patent application, on the other hand, appears to be a loosely assembled, cut-and-paste job, drawing heavily upon the Zimmermann patent. As a matter of fact, Mr. Kuhad, learned Additional Solicitor General, submitted before us a tabular chart showing over a dozen statements and averments made in the subject application that are either lifted from the Zimmermann patent or are very similar to corresponding statements in the Zimmermann patent. The aforesaid chart is appended at the end of the judgment as Appendix II.

165. It further needs to be noted that, on the issue of section 3(d), there appears to be a major weakness in the case of the appellant. There is no clarity at all as to what is the substance immediately preceding the subject product, the beta crystalline form of Imatinib Mesylate. In course of the hearing, the counsel appearing for the appellant greatly stressed that, in terms of invention, the beta crystalline form of Imatinib Mesylate is two stages removed from Imatinib in free base form. The same is said in the written notes of submissions filed on behalf of the appellant. But this position is not reflected in the subject application, in which all the references are only to Imatinib in free base form (or to the alpha crystalline form of Imatinib Mesylate in respect of flow properties, thermodynamic stability and lower hygroscopicity).

Ongoing through the subject application, the impression one gets is that the beta crystalline form of Imatinib Mesylate is derived directly from Imatinib free base. This may, perhaps, be because once the beta crystalline form of the methane sulfonic acid salt of Imatinib came into being, the Imatinib free base got seeded with the nuclei of Imatinib Mesylate beta crystalline form and, as a

result, starting from Imatinib one would inevitably arrive directly at the beta crystalline form of Imatinib Mesylate. But all this is nowhere said in the subject application.

166. Apart from the subject application, the appellant filed four affidavits before the Controller. Two of the affidavits are meant to explain and refute the results of the experiments conducted by the IICT at the instance of one of the objectors, NATCO Pharma Ltd. But the other two, one by Paul William Manley, dated July 22, 2005, and the other by Giorgio Pietro Massimini, dated __September 2005, were filed to meet the requirements of section 3(d), which was amended while the application lay in the 'mailbox'.

167. Massimini, in paragraph 8 of the affidavit, explained that it was being filed to meet the conditions under section 3(d) of the Act. He stated that the proviso to section 3(d) was unique to India and there was no analogous provision in any other country of the world. The appellant was, therefore, never called upon to satisfy the tests laid down in section 3(d) of the Act to establish the patentability of the patent subject. He further stated that since no occasion to do so had arisen earlier, no study relating to the efficacy of the free base was carried out in the past. Upon coming to know the requirement of section 3(d), the deponent, asked by the appellant, immediately commenced such a study, ensuring that accuracy and universally accepted scientific and ethical guidelines were not sacrificed.

168. Manley, in paragraph 8 of his affidavit, stated:

"The physical properties of the Free Base and imatinib mesylate differ in that the Free Base is only very slightly soluble in water (0.001 g/100 ml) while imatinib mesylate is very soluble in water (beta crystalline form: 130 g/100 ml). Other physical characteristics of the subject compound are described at pages 2 – 3 of the specification. The attendant advantages because of these properties are also simultaneously described therein. These characteristics and hence the attendant properties/advantages are not shared by the Free Base. Furthermore, the Beta form significantly differs from the alpha form:

Physical attributes:

- a) The beta crystal form has substantially more beneficial flow properties and thus results in better processability than the alpha crystal form.
- b) The beta-crystal form of the methane sulfonic acid addition salt is the thermodynamically more stable form at room temperature. Greater stability is thus to be expected.
- c) The beta-crystal form is less hygroscopic than the alpha-crystal form of the methane sulfonic acid addition salt of a compound of formula I.

d) The lower hygroscopicity is a further advantage for processing and storing the acid addition salt in the beta-crystal form.' (emphasis added)

169. Massimini, in paragraph 9 of his affidavit stated:

'A study conducted in rats provided statistical evidence for a difference in the relative bioavailability of the Free Base and Imatinib mesylate in the beta crystalline form. In such study, a mean AUC (0-48h) value of 264.000 h*ng/mL was found for the Free Base compared with a mean AUC (0-48h) value of 344000 h*ng/mL for Imatinib mesylate having the beta crystal form. In other words, an about 30% improvement in bioavailability was observed for the beta crystalline form of Imatinib mesylate compared to the Free Base. The test results are attached herewith as Annexure 'A'.'

170. It is to be noted that the higher solubility of the beta crystalline form of Imatinib Mesylate is being compared not to Imatinib Mesylate but, once again, to Imatinib in free base form. The whole case of the appellant, as made out in the subject application and the affidavits, is that the subject product, the beta crystalline form of Imatinib Mesylate, is derived from Imatinib, and that the substance immediately preceding the beta crystalline form is not Imatinib Mesylate but Imatinib in free base form. This position is sought to be canvassed in the subject application and the affidavits on the premise that the Zimmermann patent ended at Imatinib in free base and did not go beyond to Imatinib Mesylate. Not only is this premise unfounded as shown earlier, but the appellant itself appears to take a somewhat different stand, as before this Court it was contended that the subject product, in terms of invention, is two stages removed from Imatinib in free base, and the substance immediately preceding the subject product is Imatinib Mesylate (non-crystalline).

171. That being the position, the appellant was obliged to show the enhanced efficacy of the beta crystalline form of Imatinib Mesylate over Imatinib Mesylate (non-crystalline). There is, however, no material in the subject application or in the supporting affidavits to make any comparison of efficacy, or even solubility, between the beta crystalline form of Imatinib Mesylate and Imatinib Mesylate (non-crystalline).

172. As regards the averments made in the two affidavits, for all one knows the higher solubility that is attributed to the beta crystalline form of Imatinib Mesylate may actually be a property of Imatinib Mesylate itself. One does not have to be an expert in chemistry to know that salts normally have much better solubility than compounds in free base form. If that be so, the additional properties that may be attributed to the beta crystalline form of Imatinib Mesylate would be limited to the following: i. More beneficial flow properties, ii. Better thermodynamic stability, and iii. Lower hygroscopicity

173. The aforesaid properties, ('physical attributes' according to Manley), would give the subject product improved processability and better and longer storability **but, as we shall see presently, on the basis of those properties alone, the beta crystalline form of Imatinib Mesylate certainly cannot be said to possess enhanced efficacy over Imatinib Mesylate, the known substance immediately preceding it, within the meaning of section 3(d) of the Act.**

174. We have so far considered the issue of enhanced efficacy of the subject product in light of the finding recorded earlier in this Judgment that Imatinib Mesylate (non-crystalline) is a known substance from the Zimmermann patent and is also the substance immediately preceding the patent product, that is, Imatinib Mesylate in beta crystalline form.

175. Let us now consider the case of the appellant as made out in the subject application and the supporting affidavits, and examine the issue of enhanced efficacy of the beta crystalline form of Imatinib Mesylate vis-à- vis Imatinib in free base form. It is seen above that all the pharmacological effects of Imatinib Mesylate in beta crystalline form are equally possessed by Imatinib in free base form. The position is not only admitted but repeatedly reiterated in the patent application.

Mr. Subramaniam, with his usual fairness and candour, explained the position by stating that Imatinib free base is actually the active therapeutic ingredient, but in free base form Imatinib has very little or no solubility. It is, therefore, not capable of being administered as a drug to human beings. In the words of Mr. Subramaniam, if given in solid dosage form, Imatinib free base would sit in the stomach like a brick and would pass out with no therapeutic effect. The invention of methane sulfonic acid addition salt of Imatinib makes the therapeutic ingredient (that continues to be the same) highly soluble, and therefore very suitable for being administered as a drug to humans. The further invention of the beta crystalline form of Imatinib Mesylate adds to its properties and makes it an even better drug than Imatinib Mesylate. The subject product, that is, the beta crystalline form of Imatinib Mesylate, thus demonstrates a definite and tangible enhancement of efficacy over Imatinib in free base form.

176. The way in which the case is presented by Mr. Subramaniam is an entirely new case made before this Court for the first time. Nevertheless, let us consider the case of the appellant as presented by Mr. Subramaniam.

177. The portion added in section 3(d) by the 2005 amendment reads as under:

The mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance... [is not inventions within the meaning of the Act].

178. The Explanation to section 3(d) also added by the 2005 amendment provides as under:

'Explanation.—For the purposes of this clause, salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance shall be considered to be the same substance, unless they differ significantly in properties with regard to efficacy.'

179. It may be seen that the word 'efficacy' is used both in the text added to the substantive provision as also in the explanation added to the provision.

180. What is 'efficacy'? Efficacy means 'the ability to produce a desired or intended result'. Hence, the test of efficacy in the context of section 3(d) would be different, depending upon the result the product under consideration is desired or intended to produce. In other words, the test of efficacy would depend upon the function, utility or the purpose of the product under consideration. Therefore, in the case of a medicine that claims to cure a disease, the test of efficacy can only be 'therapeutic efficacy'. The question then arises, what would be the parameter of therapeutic efficacy and what are the advantages and benefits that may be taken into account for determining the enhancement of therapeutic efficacy? With regard to the genesis of section 3(d), and more particularly the circumstances in which section 3(d) was amended to make it even more constrictive than before, we have no doubt that the 'therapeutic efficacy' of a medicine must be judged strictly and narrowly. Our inference that the test of enhanced efficacy in case of chemical substances, especially medicine, should receive a narrow and strict interpretation is based not only on external factors but there is sufficient internal evidence that leads to the same view. It may be noted that the text added to section 3(d) by the 2005 amendment lays down the condition of 'enhancement of the known efficacy'.

Further, the explanation requires the derivative to 'differ significantly in properties with regard to efficacy'. What is evident, therefore, is that not all advantageous or beneficial properties are relevant, but only such properties that directly relate to efficacy, which in case of medicine, as seen above, is its therapeutic efficacy.

181. While dealing with the explanation it must also be kept in mind that each of the different forms mentioned in the explanation have some properties inherent to that form, e. g., solubility to a salt and hygroscopicity to a polymorph. These forms, unless they differ significantly in property with regard to efficacy, are expressly excluded from the definition of 'invention'. Hence, the mere change of form with properties inherent to that form would not qualify as 'enhancement of efficacy' of a known substance. In other words, the explanation is meant to indicate what is not to be considered as therapeutic efficacy.

182. We have just noted that the test of enhanced therapeutic efficacy must be applied strictly, but the question needs to be considered with greater precision. In this connection, we take note of two slightly diverging points of view urged before this Court.

183. Mr. Anand Grover, learned counsel appearing for one of the Objectors, Cancer Patients Aid Association, took a somewhat rigid position. The learned counsel submitted that in the pharmaceutical field, drug action is explained by 'pharmacokinetics' (effect of the body on the drug) and 'pharmacodynamics' (effect of the drug on the body). He further submitted that efficacy is a pharmacodynamic property, and contended that, in the field of pharmaceuticals, efficacy has a well-known meaning. Efficacy is the capacity of a drug to produce an effect. The IUPAC describes efficacy as 'the property that enables drugs to produce responses'. It is that property of a drug which produces stimulus. When comparing the efficacy of two substances, efficacy describes 'the relative intensity with which agonists vary in the response they produce even when they occupy the same number of receptors'. [IUPAC Glossary of Terms used in Medicinal Chemistry, 1998 in CPAA volume 9, at page 7]. In the words of Goodman and Gilman, 'the generation of response from the drug receptor complex is governed by a property described as efficacy'. They further clarify that 'efficacy is that property intrinsic to a particular drug that determines how good an agonist the drug is' [Goodman and Gilman in CPAA compilation, volume 9, at page 22, LHC]. Another source describes efficacy as 'the ability of the drug to produce the desired therapeutic effect' [Dorland's Medical dictionary in Novartis' volume P, at page 19].

184. Mr. Grover further submitted that in pharmacology, efficacy is distinct from affinity, potency and bioavailability. Affinity, a pharmacodynamics property, 'is the tendency of a molecule to associate with another'. The affinity of a drug is its ability to bind to its biological target (receptor, enzyme, transport system, etc.). Potency is 'the dose of drug required to produce a specific effect of given intensity as compared to a standard reference'. Bioavailability, on the other hand, is a pharmacokinetic property. It 'is the term used to indicate the fraction extent to which a dose of drug reaches its site of action or a biological fluid from which the drug has access to its site of action' [Goodman and Gilman in CPAA compilation, volume..., internal page 4]; or 'the degree to which a drug or other substance becomes available to the target tissue after administration' [Dorland's Medical Dictionary in Novartis' volume B, at page 65]. A demonstration of increase in bioavailability is not a demonstration of enhanced efficacy.

185. Prof. Basheer, who appeared before this Court purely in academic interest as an intervenor-cum-amicus, agreed that not all advantageous properties of a new form (such as improved processability or flow characteristics, storage potential, etc.) ought to qualify under section 3(d), but only those properties that have some bearing on efficacy. However, taking a less rigid position than Mr. Grover, Prof. Basheer argued that safety or significantly reduced toxicity should also be taken into consideration to judge enhanced therapeutic efficacy of a pharmaceutical product in terms of section 3(d).

186. We have taken note of the submissions made by Mr. Grover and Prof. Basheer in deference to the importance of the issue and the commitment of the counsel to the cause. However, we do

not propose to make any pronouncement on the issues raised by them, as this case can be finally and effectively decided without adverting to the different points of view noted above.

187. In whatever way therapeutic efficacy may be interpreted, this much is absolutely clear: that the physico-chemical properties of beta crystalline form of Imatinib Mesylate, namely (i) more beneficial flow properties, (ii) better thermodynamic stability, and (iii) lower hygroscopicity, may be otherwise beneficial but these properties cannot even be taken into account for the purpose of the test of section 3(d) of the Act, since these properties have nothing to do with therapeutic efficacy.

188. This leaves us to consider the issue of increased bioavailability. It is the case of the appellant that the beta crystalline form of Imatinib Mesylate has 30 per cent increased bioavailability as compared to Imatinib in free base form. If the submission of Mr. Grover is to be accepted, then bioavailability also falls outside the area of efficacy in case of a medicine. Leaving aside the submission of Mr. Grover on the issue, however, the question is, can a bald assertion in regard to increased bioavailability lead to an inference of enhanced therapeutic efficacy? Prof. Basheer quoted from a commentator on the issue of bioavailability as under:

'It is not the intent of a bio-availability study to demonstrate effectiveness, but to determine the rate and extent of absorption. If a drug product is not bio-available, it cannot be regarded as effective. However, a determination that a drug product is bio-available is not in itself a determination of effectiveness.' (emphasis added)

189. Thus, even if Mr. Grover's submission is not taken into consideration on the question of bioavailability, the position that emerges is that just increased bioavailability alone may not necessarily lead to an enhancement of therapeutic efficacy. Whether or not an increase in bioavailability leads to an enhancement of therapeutic efficacy in any given case must be specifically claimed and established by research data. In this case, there is absolutely nothing on this score apart from the adroit submissions of the counsel. No material has been offered to indicate that the beta crystalline form of Imatinib Mesylate will produce an enhanced or superior efficacy (therapeutic) on molecular basis than what could be achieved with Imatinib free base in vivo animal model.

190. Thus, in whichever way section 3(d) may be viewed, whether as setting up the standards of 'patentability' or as an extension of the definition of 'invention', it must be held that on the basis of the materials brought before this Court, the subject product, that is, the beta crystalline form of Imatinib Mesylate, fails the test of section 3(d), too, of the Act.

191. We have held that the subject product, the beta crystalline form of Imatinib Mesylate, does not qualify the test of Section 3(d) of the Act but that is not to say that Section 3(d) bars patent protection for all incremental inventions of chemical and pharmaceutical substances. It will be a grave mistake to read this judgment to mean that section 3(d) was amended with the intent to

undo the fundamental change brought in the patent regime by deletion of section 5 from the Parent Act. That is not said in this judgment.

192. Section 2(1)(j) defines 'invention' to mean, 'a new product or ...', but the new product in chemicals and especially pharmaceuticals may not necessarily mean something altogether new or completely unfamiliar or strange or not existing before. It may mean something 'different from a recent previous' or 'one regarded as better than what went before' or 'in addition to another or others of the same kind'. However, in case of chemicals and especially pharmaceuticals if the product for which patent protection is claimed is a new form of a known substance with known efficacy, then the subject product must pass, in addition to clauses (j) and (ja) of section 2(1), the test of enhanced efficacy as provided in section 3(d) read with its explanation.

193. Coming back to the case of the appellant, there is yet another angle to the matter. It is seen above that in the US the drug Gleevec came to the market in 2001. It is beyond doubt that what was marketed then was Imatinib Mesylate and not the subject product, Imatinib Mesylate in beta crystal form. It is also seen above that even while the appellant's application for grant of patent lay in the 'mailbox' awaiting amendments in the law of patent in India, the appellant was granted Exclusive Marketing Rights on November 10, 2003, following which Gleevec was marketed in India as well. On its package, the drug was described as 'Imatinib Mesylate Tablets 100 mg' and it was further stated that 'each film coated tablet contains: 100 mg Imatinib (as Mesylate)'. On the package there is no reference at all to Imatinib Mesylate in beta crystalline form. What appears, therefore, is that what was sold as Gleevec was Imatinib Mesylate and not the subject product, the beta crystalline form of Imatinib Mesylate.

194. If that be so, then the case of the appellant appears in rather poor light and the claim for patent for beta crystalline form of Imatinib Mesylate would only appear as an attempt to obtain patent for Imatinib Mesylate, which would otherwise not be permissible in this country.

195. In view of the findings that the patent product, the beta crystalline form of Imatinib Mesylate, fails in both the tests of invention and patentability as provided under clauses (j), (ja) of section 2(1) and section 3(d) respectively, the appeals filed by Novartis AG fail and are dismissed with cost. The other two appeals are allowed.

3M Innovative Properties Ltd v. Venus Safety & Health Pvt Ltd & Anr.

FAO(OS) 292/2014 (Delhi High Court)

CORAM:

HON'BLE MR. JUSTICE BADAR DURREZ AHMED

HON'BLE MR. JUSTICE SANJEEV SACHDEVA

SANJEEV SACHDEVA, J:

1. The appellant (plaintiff in the suit) is aggrieved by the order dated 30.05.2014 whereby the applications being IA No.20605/2013 (under Order XXXIX Rules 1 & 2 Code of Civil Procedure) (for short „CPC“) and IA No.1276/2014 (under Order XXXIX Rule 4 CPC) have been disposed of and the interim injunction dated 19.12.2013 has been vacated.
2. The appellants have filed the suit for permanent injunction restraining the respondents from infringing the patent of the appellant No.1 and further consequential relief of rendition of accounts and a decree for damages.
3. The appellant No.1 claims to be a pioneer in personal protection equipment and is engaged in designing and manufacturing respiratory devices since 1972. The subject patent i.e. Indian Patent No.211175 for invention titled "**Flat Fold Personal Respiratory Protection Devices and process for preparing the same**" was granted in favour of the appellants w.e.f. 26.05.1999. The appellants claim to be manufacturing the product, claimed in the subject patent, since 2002.
4. The Indian Patent claim is based on PCT International Application filed in United States on 26.05.1999. It is contended that on 28.02.2002, the US Priority Application was granted and is identified as US Patent No.6,394,090.
5. As per the claims of the appellants in the subject patent, the mask for which the patent application has been filed and patent obtained, is intended to serve the following purposes/needs:
 - (i) Flat folded yet providing a good respiratory seal;
 - (ii) Uncomplicated design that is easy and inexpensive to manufacture;
 - (iii) Contact wearer's face at periphery of face mask with minimum facial contact such that comfort to wearer is maximum and engagement with perimeter of face mask to the face of the wearer is minimal.
6. For achieving the purposes/needs, it is claimed by the appellants that the mask has following essential features:
 - (i) A **non-pleated** main body divided into three portions;
 - (ii) Two lines of demarcation separating the mask into three portions;

- (iii) A bisecting fold extending vertically across the main body;
- (iv) Lines of demarcation that do not include and are not part of a pleat;
- (v) Mask is made from a monolithic preform blank of material, thereby making manufacturing process easier.

7. It is claimed that the advantages (technical advancement, one of the substantive requirements for obtaining the patent in India. Refer section- 2 (ja) of The Patents Act, 1970) accomplished by the mask of the subject patent are:

- (i) lines of demarcation have a joint-like function -imparts relative movement between three portions of the mask and imparts structural integrity to the mask while improving flexibility and conformance of the mask to the face.
- (ii) lines of demarcation form two axes of rotation -the lines of demarcation form an axis of rotation for first and second portion and also for second and third portions to rotate at least partially around such lines of demarcation.
- (iii) lines of demarcation prevent delamination of multi-layers so that inner layer does not collapse during use
- (iv) Off-the-face benefits to the user

8. The appellants filed the subject Suit contending that the respondents have recently started manufacturing a device identical to the device covered by the subject patent. Comparing the infringing device model V4410 of the respondents, the appellants contend that the said infringing device has been manufactured analysing the subject patent and each of the elements of Claim 1 of the subject patent are present in the respondents' infringing device. The element-wise analysis of the respondents' device vis-à-vis the claims of the subject patent, as contended by the appellant, are as under:-

"A flat folded personal respiratory protection device comprising; a non-pleated main body (Element 1) comprising: a first portion (Element 2); a second portion (Element 3) distinguished from the first portion by a first line of demarcation (Element 4); a third portion (Element 5) distinguished from the second portion by a second line of demarcation (Element 6); and a bisecting fold (Element 7) that is substantially vertical when viewed from the front when the device is oriented as in use on a wearer, the substantially vertical bisecting fold extending through the first portion, second portion and third portion; wherein the device is capable of being folded to a first substantially flat-folded configuration along the bisecting fold (Element 8) and is capable of being unfolded to a convex open configuration (Element 9)."

9. Per contra, the contention of the respondents is that the respondent No.1 had been manufacturing flat-folded personal respiratory device which opened into a cup shaped configuration since 1994.

10. It is contended that three patents namely US Patent No.US 3,971,369 (D1), US Patent No.US 5,701,892 (D2) and International Publication No. WO 1996/28217 (D3) disclose major elements that are claimed by the appellants' patent and are **prior arts** and the Claim I of the appellants is covered by prior art and is **anticipated and obvious to a person skilled in the art (POSITA)** and, thus, lacks the requisite Novelty and Non-obviousness (Inventive step) and therefore the appellants are not entitled to grant of any ad interim injunction.

11. By the impugned order dated 30.05.2014, the learned Single Judge, relying on US Patent No.US 3,971,369, US Patent No.US 5,701,892, US Patent No.US 6,394,090 and Internal Publication No. WO 1996/28217 held that the said patents disclose many essential features of the patent in question and also teach many elements claimed in the subject patent, therefore lacks novelty and non-obviousness.

12. The learned Single Judge found force in the submissions of the respondents that the lines of demarcation, that have been used by the respondents in the product in question, have been used as guiding and reference lines to locate the centre of the single part nose piece, which is embedded inside the mask, that would facilitate the folding of the device and thereby allowing the nose piece to be placed comfortably on the wearer's nose. The learned Single Judge has held that, prima facie, the lines of demarcation are already known in the art through US Patent No. US 3,971,369 and **therefore was not novel.**

13. The learned Single Judge has held that the respondents have been able to prima facie demonstrate the existence of various elements as prior art. He has held that it is an admitted position that the respondents have been using the impugned device since April 2011 and have made considerable investments in the same. In this view of the matter, the balance of convenience has been found to be in favour of the respondents. The *ex-parte ad interim* injunction dated 19.12.2013 has thus been vacated.

14. Aggrieved by this Impugned order, the appellants have filed the present appeal contending that the learned Single Judge has erred in considering the priority application in respect of the same patent filed in US as one of the prior arts. **It is contended that the term "lines of demarcation", as existing in the alleged prior art US No. US 3,971,369, has incorrectly been construed to be the same as in the subject patent to negate the element of Novelty.**

15. It is also contended that the learned Single Judge has erred in not appreciating that technical advances, made on account of inventive steps, have been taken as existing knowledge obvious to the person skilled in trade. **It is further alleged that the substantive distinguishing features are present in the alleged prior arts which do not teach the features of the subject patent to the person skilled in the art (POSITA) and there is complete non-obviousness/inventive step available in the invention.**

16. It is further contended that mere challenge to the patent is not sufficient to non-suit a plaintiff but a credible challenge of a higher degree is required to non-suit a plaintiff, which is absent in the present case.

17. To resolve the controversy that arises in the present appeal, we would need to examine whether the comparison done by the learned single judge of the elements of the claim of the appellants in the subject patent with the alleged prior art satisfies the test as laid down by the Supreme Court of India in ***Bishwanath Prasad Radhey Shyam v. Hindustan Metal Industries***, (1979) 2 SCC 511 where the Supreme Court of India has held as under:

"17. The object of Patent Law is to encourage scientific research, new technology and industrial progress. Grant of exclusive privilege to own, use or sell the method or the product patented for a limited period, stimulates new inventions of commercial utility. The price of the grant of the monopoly is the disclosure of the invention at the Patent Office, which, after the expiry of the fixed period of the monopoly, passes into the public domain.

18. The fundamental principle of Patent Law is that a patent is granted only for an invention which must be new and useful. That is to say, it must have novelty and utility. It is essential for the validity of a patent that it must be the inventor's own discovery as opposed to mere verification of what was already known before the date of the patent.

19. "Invention" means any manner of new manufacture and includes an improvement and an allied invention". [Section 2(8) of 1911 Act.] It is to be noted that unlike the Patents Act, 1970, the Act of 1911 does not specify the requirement of being useful in the definition of "invention". But Courts have always taken the view that a patentable invention, apart from being a new manufacture, must also be useful. The foundation for this judicial interpretation is to be found in the fact that Section 26(1)(f) of the 1911 Act recognises lack of utility as one of the grounds on which a patent can be revoked.

20. "Manufacture" according to the definition of the term in Section 2(11) of the Act, includes not only "any art, process or manner of providing, preparing or making an article" but also "any article prepared or produced by the manufacture".

18. It is important to bear in mind that in order to be patentable an improvement on something known before or a combination of different matters already known, should be something more than a mere workshop improvement; and must independently satisfy the test of invention or an "inventive step". To be patentable the improvement or the combination must produce a new result, or a new article or a better or cheaper article than before. The combination of old, known integers may be so combined that by their working inter-relation they produce a new process or improved result. Mere collection of more than one integers or things, not involving the exercise

of any inventive faculty, does not qualify for the grant of a patent. "It is not enough", said Lord Davey in *Rickmann v. Thierry* [(1896) 14 Pat Ca 105] "that the purpose is new or that there is novelty in the application, so that the article produced is in that sense new, but there must be novelty in the mode of application. By that, I understand that in adopting the old contrivance to the new purpose, there must be difficulties to be overcome, requiring what is called invention, or there must be some ingenuity in the mode of making the adoption". As Cotton, L.J. put it in *Blackey v. Lathem* [(1888) 6 Pat Ca 184] **"to be new in the patent sense, the novelty must show invention". In other words, in order to be patentable, the new subject-matter must involve "invention" over what is old. Determination of this question, which in reality is a crucial test, has been one of the most difficult aspects of Patent Law, and has led to considerable conflict of judicial opinion.**

19. This aspect of the law relating to patentable inventions, as prevailing in Britain, has been neatly summed up in *Encyclopaedia Britannica*, Vol. 17, p. 453. Since in India, also, the law on the subject is substantially the same, it will be profitable to extract the same hereunder:

"A patent can be granted only for "manner of new manufacture" and although an invention may be "new" and relate to a "manner of manufacture" it is not necessarily a "manner of new manufacture" -- it may be only a normal development of an existing manufacture. It is a necessary qualification of a craftsman that he should have the knowledge and ability to vary his methods to meet the task before him -- a tailor must cut his cloth to suit the fashion of the day -- and any monopoly that would interfere with the craftsman's use of his skill and knowledge would be intolerable.

A patentable invention, therefore, must involve something which is outside the probable capacity of a craftsman -- which is expressed by saying it must have "subject-matter" or involve an "inventive step". "Novelty" and "subject-matter" are obviously closely allied ... Although these issues must be pleaded separately, both are invariably raised by a defendant, and in fact, "subject-matter" is the crucial test, for which there may well be novelty not involving an "inventive step", it is hard to conceive how there can be an "inventive step" without novelty.

20. **Whether an alleged invention involves novelty and an "inventive step", is a mixed question of law and fact, depending largely on the circumstances of the case.** Although no absolute criteria, that is uniformly applicable in all circumstances can be devised, certain broad criteria can be indicated. Whether the "manner of manufacture" patented, was publicly known, used and practised in the country before or at the date of the patent? If the answer to this question is "Yes", it will negative novelty or "subject-matter". Prior public knowledge of the alleged invention which would disqualify the grant of a patent can be by word of mouth or by publication through books or other media. "If the public once becomes possessed of an invention", says

Hindmarch on Patents [Quoted with approval by Fry, LJ. in *Humpherson v. Syer*, RPC 407] "by any means whatsoever, no subsequent patent for it can be granted either to the true or first inventor himself or any other person; for the public cannot be deprived of the right to use the invention . . . the public already possessing everything that he could give".

21. The expression "does not involve any inventive step" used in Section 26(1)(e) of the Act and its equivalent word "obvious", have acquired special significance in the terminology of patent law. The "obviousness" has to be strictly and objectively judged. For this determination several forms of the question have been suggested. The one suggested by Salmond, L.J. in *Rado v. John Two & Son Ltd.* [(1967) RPC 297] is apposite. It is: "Whether the alleged invention lies so much out of the track of what was known before as not naturally to suggest itself to a person thinking on the subject, it must not be the obvious or natural suggestion of what was previously known."

22. Another test of whether a document is a publication which would negative existence of novelty or an "inventive step" is suggested, as under:

"Had the document been placed in the hands of a competent draftsman (or engineer as distinguished from a mere artisan), endowed with the common general knowledge at the „priority date“, who was faced with the problem solved by the patentee but without knowledge of the patented invention, would he have said, “this gives me what I want?” (Encyclopaedia Britannica; *ibid*). To put it in another form: “Was it for practical purposes obvious to a skilled worker (POSITA), in the field concerned, in the state of knowledge existing at the date of the patent to be found in the literature then available to him, that he would or should make the invention the subject of the claim concerned?” [Halsbury, 3rd Edn., Vol. 29, p. 42 referred to by Vimadalal, J. of Bombay High Court in *Farbwerke Hoechst & B. Corporation v. Unichem Laboratories* [AIR 1969 Bom 255 (Bom HC)]

23. As pointed out in *Arnold v. Bradbury* [(1871) 6 Ch A 706] the proper way to construe a specification is not to read the claims first and then see what the full description of the invention is, but first to read the description of the invention, in order that the mind may be prepared for what it is, that the invention is to be claimed, for the patentee cannot claim more than he desires to patent. In *Parkinson v. Simon* [(1894) 11 RPC 483] Lord Esher, M.R. enumerated that as far as possible the claims must be so construed as to give an effective meaning to each of them, but the specification and the claims must be looked at and construed together."

24. The principles governing patentability of an invention as laid down in *Bishwanath Prasad Radhey Shyam (Supra)* can thus be summarized as under:

- (i) it must be the inventor's own discovery;
- (ii) should not be a mere verification of what was already known before the date of the patent;
- (iii) it is a manner of new manufacture and includes an improvement and an allied invention;

- (iv) must also be useful;
- (v) not only the art, process or manner of providing, preparing or making an article but also the article prepared or produced by the manufacture can be patented;
- (vi) should be more than a mere workshop improvement;
- (vii) the improvement or the combination must produce a new result, or a new article or a better or cheaper article than before;
- (viii) a combination of old, known integers may be so combined that by their working inter-relation they produce a new process or improved result;
- (ix) mere collection of more than one integer or things, not involving the exercise of any inventive faculty, would not qualify for the grant of a patent;
- (x) there must be novelty in the mode of application and the novelty must show invention;
- (xi) the new subject-matter must involve "invention" over what is old;
- (xii) must involve something which is outside the probable capacity of a craftsman;
- (xiii) it must not be the obvious to a skilled worker, in the field concerned,
- (xiv) it must not be a natural suggestion of what was previously known;
- (xv) Prior public knowledge of the alleged invention would disqualify the grant of a patent and prior public knowledge can be by word of mouth or by publication through books or other media;

25. The Supreme Court in *Bishwanath Prasad Radhey Shyam (Supra)* also held that the proper way to construe a specification is not to read the claims first and then see what the full description of the invention is, but first to read the description of the invention, so that the mind may be prepared for what is claimed by the invention, because the patentee cannot claim more than what he desires to patent. The claims must be so construed as to give an effective meaning to each of them. The specification and the claims must be looked at and construed together.

26. Since by the Impugned order, the learned single judge has held that the elements of the subject patent are taught by prior art and are obvious to a person skilled in trade, a comparison is required to be made of the elements of the subject patent with the alleged prior art.

27. The abstract of the subject patent reads as under:-

"(57) Abstract:

Respiratory devices having first and second lines of demarcation bisected by a fold. The devices are capable of being folded. In a first substantially flat configuration for storage (e.g., In a pocket) and are capable of being unfolded in a second ready-to-wear configuration so that a portion of the device covering the nose and the mouth is off- the-face. Processes for making such devices include folding a perform over a bisecting axis and cutting the perform at desired angles and sealing the cuts together to form the mask."

28. Reference has been made to US Patent No.3,971,369 (hereinafter referred to as D1) to contend that the subject **patent is a prior art** with regard to the lines of demarcation. The abstract of D1 reads as follows:-

"A generally cup-shaped surgical facemask and a method for folding the body portion thereof, said body portion comprising a filtration medium, the method comprising (1) providing a blank of said filtration medium; (2) establishing a longitudinal fold line on said blank; (3) establishing first, second, and third transverse lines of demarcation on said blank, said second and third lines being on opposite sides of said first line; (4) establishing first and second points on one side edge and third and fourth points on the other side edge of the blank; (5) establishing angularly disposed fold lines which connect said points with said longitudinal fold line; (6) creasing said blank along said longitudinal fold line; and (7) moving said first and second points on one of said side edges and said third and fourth points on the other side edge to new positions lying between said second and third transverse lines of demarcation."

29. The learned single judge held that D1 is a prior art with regard to lines of demarcation. The appellants have on the other hand contended that even though the expression "lines of demarcation" have been used in the subject patent as also in D1, they refer to completely different concepts.

30. We are in agreement with the submission of learned counsel for the appellant. Examination of the abstract as also the figure of D1 shows that it teaches a "**pleated**" mask, which has pleats formed on a face because of the material on the face portion being folded backwards. The pleat is formed by folding the material, which is generally supple, of the face portion of the mask. The pleats (referred to as lines of demarcation) are formed in the mask by means of folding the material. In the subject patent, the lines of demarcation are **weld lines** formed on the mask. **The subject patent claims a non-pleated mask. Merely because the term "lines of demarcation" has been used in both the patents does not ipso-facto imply that both signify the same concept.**

31. The learned Single Judge merely referred to the terminology of the patents without referring to the detailed description thereof and thus erred in holding that D1 is a prior art and teaches with regard to the lines of demarcation. In D1, the lines of demarcation refer to imaginary lines on which the blank is to be folded whereas in the subject patent, the lines of demarcation are predetermined lines formed on the main body of the mask by weld lines to distinguish different portions. As per the claim, the lines of demarcation in the subject patent are provided with an aim to render the structure rigid and to provide axis of rotation for one or more portions around it.

32. It is apparent from the examination of the description of the subject patent with the alleged prior art that the lines of demarcation of the subject patent are different from the lines of demarcation in D1.

33. The difference is apparent in the terms of the configuration and the functionality of the lines of demarcation. The respective purpose of the lines of demarcation is also different. The lines of demarcation segregate the mask into three portions, the first, the second and the third.

34. In the subject patent, the bisecting fold extends across the first, the second and the third portion of the main body. The bisecting fold, in combination with the lines of demarcation, provides a rigid, off the face configuration of the mask to ensure conformity to the face of the wearer and to provide a facial seal thereby avoiding any outside air from entering the mask when worn. D1 does not have any bisecting fold. Various other distinguishing features also exist between the subject patent and D1.

35. **The second prior art referred to**, in the impugned order, is US Patent 5,701,892 (hereinafter referred to as D2)

36. The abstract of D2 reads as follows:-

"A multipurpose face mask made of supple material covers the nose, mouth, and chin with a two-sided chamber held away from the entrance of the nostrils and the mouth by a rigid support attached inside the vertical front fold. This rigid support makes possible the use of a wide variety of soft materials in one or more layers, which may serve to filter dust, pollen, mold, dander, powder, and other common airborne particles, and/or to warm and humidify cold, dry air. For versatility in purpose, a disposable version may fit inside a reusable version. The cold weather version may have air holes in the outer layer. This device of supple material can be made in several sizes and rolled to fit in a pocket."

37. Perusal of the abstract of D2 alongwith its figure shows that the mask of D2 does not have any lines of demarcation. The mask is not divided into three portions which are movable along with the lines of demarcation. Mask of D2 is not a monolithic structure and is made by joining two symmetrical sides. A comparison of D2 with the subject patent shows that D2 does not teach the elements of the subject patent and, thus, could not have, prima facie, been considered as a prior art.

38. **The third alleged prior art** referred to is International Application WO 1996/28217 (hereinafter referred to as D3)

39. The abstract of D3 is as under:-

"Fold-flat personal respiratory protection devices are provided. The devices have a flat central portion having first and second edges, a flat first member joined to the first edge of the central portion through either a fold- line, seam, weld or bond, said fold, bond, weld or

seam of the first member being substantially coextensive with said first edge of said central portion, and a flat second member joined to the second edge of the central portion through either a fold-line, seam, weld or bond, the fold, bond, weld or seam of the second member being substantially coextensive with said second edge of said central portion. At least one of the central portion and first and second members are formed from filter media. The device is capable of being folded flat for storage with the first and second members being in at least partial face-to-face contact with a common surface of the central portion and, during use, is capable of forming a cup-shaped air chamber over the nose and mouth of the wearer with the unjointed edges of the central portion and first and second members adapted to contact and be secured to the nose, cheeks and chin of the wearer"

40. A comparison of D3 with the subject patent shows that mask of D3 is not a monolithic structure and is formed by joining a flat first member and a flat second member to a central portion. The mask of D3 would involve cutting different symmetrical portions and thereafter joining the same to form the final structure. Mask of D3 does not have any bisecting fold or lines of demarcation. The process of the subject patent is different in terms of the essential steps towards creating lines of demarcation and bisecting folds of the subject patent.

41. US Patent No. US 6,394,090, granted on 28.05.2002, referred to in the impugned order is the priority application made by the appellants in the United States with regard to the subject patent itself. Reliance placed thereon by the learned Single Judge to show prior art is clearly misplaced.

42. The learned Single Judge has erroneously combined the abstract of D1, D2 and D3 to arrive at a conclusion that the three combined teach the elements of the subject patent. By reading the alleged prior art documents relied upon by the Respondents, a person ordinarily skilled in the art would not be able to reach to the solution provided by the subject patent without use of inventive ingenuity.

43. As held by the Supreme Court in *Bishwanath Prasad Radhey Shyam (Supra)*, the proper way to construe a specification is not to read the claims first and then see what the full description of the invention is, but first to read the description of the invention, in order that the mind may be prepared for what it is, that the invention is to be claimed, for the patentee cannot claim more than he desires to patent.

44. The alleged prior arts relied upon by the respondents had been considered by the US Patent Office as also by the Indian Patent Office prior to the grant of the patent. The experts in the field i.e. the officials of the US Patent Office as also the officials of the Indian Patent Office have, not held that the three cited prior arts teach the elements of the subject patent or that there is obviousness of the elements to a person skilled in trade. In this view of the matter, the burden on the respondents was not only to show that there is a challenge to the patent but they also had to

show a higher degree of credible challenge, which, in our view, the respondents have failed to show.

45. We are of the view that the appellants have been able to show a strong prima facie case in their favour. The appellants have denied the assertions of the respondents that the appellants were aware that the respondents had been selling the impugned mask since 2011. On the contrary, the assertion of the appellants is that they came across the respondent No.1's product on or about second week of August, 2014 and, immediately thereafter, the subject infringement suit was filed. Reliance is also placed on the catalogue available on the website of the respondent No.1 which refers to the infringing product as "New".

46. By the ad interim order dated 19.12.2013 in the suit, the respondents were restrained from manufacturing the impugned mask. The interim order dated 19.12.2013 was vacated by the impugned order dated 30.05.2014. By order dated 05.05.2015, in the present appeal, the operation of the impugned order was stayed and the interim order dated 19.12.2013 was revived and is in operation till date. We are of the view that the balance of convenience also lies in favour of the appellants and against the respondents.

48. In view of the above, the appeal is allowed. The impugned order dated 30.05.2014 is set aside. The order dated 19.12.2013 is confirmed till disposal of the suit.

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Bayer Corporation v. Union of India

2014(60) PTC 277 (BOM)

Note: A Special Leave Petition was filed in Supreme Court by the Bayer Corporation against the judgment of Bombay High Court. The Supreme Court did not entertain it and dismissed the petition on 13th December, 2014. Hence the judgment of Bombay High Court has been provided.

M.S. Sanklecha, J.:

1. This petition under Article of the Constitution of India challenges the order dated 4 March 2013 passed by the Intellectual Property Appellate Board (Tribunal). By the impugned order the Tribunal upheld the order dated 9 March 2012 passed by the Controller of Patents (Controller) granting Compulsory License to M/s. Natco Pharmaceuticals Limited (Natco) under Section of the Patent Act 1970 (the Act). This compulsory licence was in respect of the petitioner's patented invented drug-Sorafenib Tosylate (compound of Carboxyaryl Substituted Diphenyl Ureas) sold under brand name Nexavar (patented drug).

2. This petition arises out of orders granting a compulsory license of the patented drug owned by the petitioner to Natco on application of the provisions of Chapter XVI and in particular Section of the Act. The challenge of the petitioner is to the allowing of the application of Natco for compulsory licence and to the manner in which Chapter XVI of the Act and in particular Section of the Act has been applied. We are informed at the Bar that it is for the first time after India became a signatory to Trade Related Aspects of Intellectual Property Rights (TRIPS) followed by the Doha Declaration in 2001 and the amendments to the said Act in 2003 and 2005 that the issue of compulsory licence has arisen for consideration before the authorities under the said Act and consequently also before this Court. The result of the examination of Chapter XVI of the Act and the manner of its application by the authorities under the Act would have far reaching impact as it would govern the issue of grant of compulsory license in respect of patented drugs.

D) Factual background

3. The bare facts necessary to consider the challenge in this petition are as follows:

a) The petitioner is a corporation incorporated under the laws of United State of America (USA). Consequent to its research and development (R & D) activities the petitioner invented and developed its patented drug to enable its administration to human beings. The patented drug is used in the treatment of patients suffering from Kidney cancer i.e. Renal Cell Carcinoma (RCC) and liver cancer i.e. Hepatocellular Carcinoma (HCC). The aforesaid patented drug acts more as a palliative i.e. relieves patients from pain and to an extent also slow down the spread of cancer by restricting the speed with which the cancer cells grow.

b) The aforesaid invention of the patented drug was done in USA. The patented drug is for treatment of Cancer of RCC and HCC. However, as the people suffering in America from the

aforesaid cancer of RCC and HCC are rare/few i.e. less than 2,00,000 patients, the patented drug is classifiable as 'Orphan drug' in U.S.A. On classification of the patented drug as "Orphan drug", in U.S.A. 50% of the amount spent by the petitioner on research and development of the patented drug is reimbursed to the petitioner by the Government of U.S.A.

c) On the successful invention of the patented drug in 1999, the petitioner applied for a patent in U.S.A. Thereafter, on 12 January 2000 the petitioner applied for an international patent under the Patent Co-operation Treaty (PCT) and on 5 July 2001 applied in India for grant of the patent to the patented drug in India. On 3 March 2008 the office of the Controller granted the petitioner's application dated 5 July 2001. This patent granted in India on 3 March 2008 corresponded to the patent granted to this patented drug in over 45 countries of the world.

d) As a consequence of being granted a patent, the petitioner had exclusive right to make/manufacture, use and sell the patented drug either by itself or through its licensee to the exclusion of all others for a period of 20 years from the date of its application. Thus, the petitioner had exclusive right to prevent third parties from making/manufacturing, using, selling or importing the patented drug in India without the petitioner's permission/license. This license/permission is at most times voluntarily granted by a patent holder to any other party as a matter of its free will under a contract. However, Chapter XVI of the Act, inter alia, provides for grant of compulsory license to the applicant by the orders of the Controller from the patent holder. In terms of Section 84 of the Act after the expiration of 3 years from the grant of a patent, it is open to any person to apply to the Controller for grant of a Compulsory License from the original patent holder. Such an application for grant of Compulsory License would be granted by the Controller, if any, of the following circumstances with regard to the patented drug exist:-

i) Reasonable requirement of the public with regard to the patented invention is not being satisfied, or

ii) That the patented invention is not available to the public at the reasonably affordable price;
or

iii) That the patented invention is not worked in the territory of India. However, a condition precedent for the grant of compulsory licence to any person making an application for it under Section of the Act is the refusal and/or failure of the patent holder to grant the applicant a voluntary license. The aforesaid refusal by the patent holder to such an applicant must be in spite of applicant's efforts to obtain the same.

e) On 6 December 2010 Natco-a drug manufacturer in India approached the petitioner for grant of voluntary license for the purpose of manufacturing and selling the patented drug in India. In its communication dated 6 December 2010, the petitioner sought a voluntary license to manufacture and sell in India the patented drug under its brand name at a price of less than Rs. 10,000/- per month of therapy as against the price of Rs. 2,80,428/- per month of therapy charged by the petitioner. The above voluntary licence was sought on such reasonable terms and conditions to be offered by the petitioner as would make the patented drug available to the public

by Natco at an affordable price. In the above application for voluntary licence Natco also stated the fact that the petitioner had not with regard to the patented drug met the reasonable requirement of public nor was it reasonably priced nor was it worked in the territory of India. By communication dated 27 December 2010, the petitioner rejected Natco's application for grant of voluntary license to manufacture and sell the patented drug. However, the petitioner in its above communication dated 27 December 2010 left the issue open by asking Natco to approach them within 14 days in case they have anything further to add.

f) Thereafter, on 29 July 2011 i.e. after the expiry of three years from 3 March 2008, Natco applied to the controller for grant of Compulsory License under Section 84(1) of the Act. In its application, Natco pointed out that in respect of the patented drug belonging to the petitioner all the three conditions for the grant of Compulsory License were fulfilled/satisfied. It was also pointed out in the application that they proposed to sell the patented drug under its brand name at Rs. 8800/- per month of therapy. On a prima facie satisfaction of the applicant's case for grant of compulsory licence, the Controller directed the application to be served upon the petitioner and also had the application published in the official journal. This would enable not only the patent holder i.e. the petitioner but also any other person interested in the issue an opportunity to oppose the application. This was in terms of Section 87 of the Act.

g) On 18 November 2011, the petitioner filed its opposition to the grant of Compulsory License to Natco before the Controller. Thereafter, a personal hearing was granted in respect of the application for Compulsory License filed on 29 July 2011 by Natco. On 9 March 2012, the Controller by his order allowed the application dated 29 July 2011 of Natco. By order dated 9 March 2012 of the Controller while granting compulsory licence to Natco to manufacture and sell the patented drug also directed it to pay to the petitioner royalty at 6% of its net sales of the patented drug under its brand name which was allowed to be sold at price of Rs. 8800/- for 120 tablets for a month of treatment. Besides, the grant of Compulsory License to Natco was non-exclusive, non-assignable and for the balance term of the patent.

h) Being aggrieved by the above order dated 9 March 2012 of the Controller, the petitioner preferred an appeal to the Tribunal and also sought a stay of the order dated 9 March 2012 till the disposal of its appeal. The Tribunal by its order dated 14 September 2012 rejected the petitioner's application for stay of the order dated 9 March 2012 passed by the Controller. However, whilst rejecting the application for stay, the Tribunal directed that the appeal be listed for hearing at an early date.

i) On 4 March 2013 the Tribunal after hearing the parties, by the impugned order upheld the order dated 9 March 2012 of the Controller granting the Compulsory licence to Natco while increasing the royalty payable by Natco to the petitioner from 6 to 7% of the sales of the patented drug under its brand name. However, the Tribunal did not agree with the view of the Controller as reflected in order dated 9 March 2012 that working in India in terms of Section 84(1)(c) of the Act would only be satisfied if the patented drug is manufactured in India. The Tribunal in its order dated 4 March 2013 took a view that the requirement of working of the patented drug in

India could also be satisfied by importing the patented drug on the patent holder satisfying the authorities under the Act that the manufacture of the patented drug was not possible in India. Therefore, it held that manufacture in India was not necessary in every case for satisfaction of Section 84(1)(c) of the Act. It held that the working in India would have to be decided on a case to case basis and there can be no general rule that when the products are imported into India and not manufactured, it follows that patented drugs is not being worked in the territory of India.

j) The aforesaid impugned order dated 4 March 2013 of the Tribunal into which has merged the order dated 9 March 2012 of the Controller is being challenged before us by the petitioner under Article 226 of the Constitution of India.

7. Ms. Rajani Iyer, Senior Counsel appearing for the Union of India while supporting the impugned orders dated 9 March 2012 and 4 March 2013 of the Controller and the Tribunal after taking us through the history of the patent legislation in India by large adopted the submissions made on behalf of Natco. The additional submissions made by her with a slightly different emphasis was in respect of the patented drug being worked in the territory of India under Section 84(1)(c) of the Act. According to her, the primary meaning which has to be given to the word worked in India is manufacture in India on a commercial scale. This according to her is evident from the factors to be considered as stated in Section 83 of the Act which inter alia provides for transfer of technology to the mutual advantage of the producers and users of the technology and also to ensure that the patent holder should not monopolize the patent only for importation of the patented article. Similarly, Article 27 of the TRIPS agreement has to be read in the light of Article 2 of TRIPS Agreement which states that the provisions of Paris Convention 1883 shall be complied with while implementing the TRIPS agreement by the member States. Article 5(A)(2) of the Paris Convention gives freedom to each member to take such measures for grant of Compulsory License in order to prevent abuse of the patent rights. However, as held by the Tribunal each case is to be examined on case to case basis and it is open for the patent holder to establish before the authorities under the Act that given the peculiar facts of the case the patented drug was worked in the territory of India by import. The submission of the petitioner that the word "worked in the territory of India" does not mean to be manufactured in India on the basis of the erstwhile Section 90(a) (Prior to 2002 amendment) of the Act. This, it was submitted is not correct as the erstwhile Section 90(a) of the Act was dealing with the concept of reasonable requirement of the public being met and, in that context, provided that the same shall be deemed to have not been satisfied if the patent holder fails to manufacture in India to an adequate extent. The aforesaid requirement was not a part of the condition for examining whether the patented invention is worked in the territory of India. In view of the above, it was submitted that the patented drug has not been worked in India. The petitioner has failed to make out a case before the Tribunal that the peculiar facts of the petitioner's case required that the patented drug be worked in India by import. Consequently, the orders of the authorities call for no interference.

8. Before considering the rival submissions, we take a brief overview of the origin, history and object of the law on Patents.

c) In 1995 India became a signatory to the WTO (World Trade Organization) Trade Related Intellectual Property Rights (TRIP) in Marrakesh Morocco. The preamble to TRIPS inter alia recognizes the objectives of national systems for the protection of Intellectual Property including developmental and technological objectives. Part-I, TRIPS dealing with General provisions and Basic Principles at Article 7 states that the objective of TRIPS is for protection and promotion of Intellectual Property, transfer of technology to the advantage of producers and user in a manner conducive to social and economic welfare. Article 8 of Part I of TRIPS while setting out the principles of TRIPS inter alia allows its members to take appropriate measures to prevent abuse of Intellectual Property Rights by Patent holders while ensuring that international transfer of technology is not unreasonably restrained and/or affected.

d) Part II of TRIPS deals with Standards Concerning the Availability, Scope and use of Intellectual Property Rights. Section 5 thereof deals with Patent. Article 27 which is part of Section 5 of TRIPS inter alia provides that there would be no discrimination between imported or locally produced patents. However, the aforesaid Article 27 is qualified by exceptions in Articles 30 and 31 of the TRIPS. Article 30 provides that members may provide exceptions to the rights conferred on patent holders so as to not prejudicially affect the rights of patent holders taking into account interest of third parties. Article 31 of TRIPS allows member countries to provide for use of patent by the Government or third parties without authorization of patent holder. However, where such use by others is allowed it shall be non-assignable, non-exclusive and the patent holder should be paid adequate remuneration taking into account the economic value of the authorization.

e) The aforesaid TRIPS Agreement was followed by Doha Declaration on 14 November 2001 on the TRIPS Agreement. The Doha Declaration after recognizing the public health problems affecting many developing countries inter alia in Clause 4 of Doha Declaration provided that TRIPS do not and should not prevent members from taking measures to protect public health and promote access to medicines for all. Further Clause 5 of Doha Declaration provided that flexibilities to member countries would include the right to grant compulsory licence and the grounds upon which it is to be granted. We have set out/discussed the provisions of TRIPS and the Doha Declaration 2001 in some detail as India is a signatory to it. Therefore, while considering and interpreting the Municipal law, the same would have to be necessarily construed in consonance with International Treaties/Agreements to which India is a party.

VI) Scheme of Compulsory Licence under the Act:

9. Consequent to TRIPS, the Act was amended in 1999, 2002 and 2005 to make it TRIPS compliant. In fact, Chapter XVI of the Act dealing with "Working of Patent, Compulsory Licenses and Revocation" was substituted in its entirety by the 2002 amendment which come into effect on 20 February 2003. Further, changes/amendments were made in 2005. The framework of Chapter XVI of the Act is briefly as under:-

a) The scheme of Chapter XVI of the Act with regard to Compulsory Licence is that it applies to a patented product and also a patented process. In terms of Section of the Act an application for Compulsory Licence can be made by any person to the Controller on satisfaction of the following two per-requirements/conditions:-

a) An application for compulsory licence can be made only after expiration of three years from the date of the grant of patent to the patent holder; and

b) The applicant should have made an effort to obtain a voluntary licence of the patented invention from the patent holder on reasonable terms and conditions.

It is only on the satisfaction of the above two requirements that the Controller can consider the application for compulsory licence. This application for compulsory licence must allege that all or any one of the following three conditions mentioned in Section-84(1) of the Act are not satisfied.

- i) reasonable requirement of the public for the patented invention is not being met; or
- ii) the patented invention is not available to the public at reasonably affordable price or
- iii) that the patented invention is not worked in the territory of India.

The condition (i) above would be deemed to have been met if the conditions set out in Section 84(7) of the Act are met. Section 84(7) of the Act inter alia lays down that where the supply of patented invention is not to an adequate extent and where the patent holder has refused to grant a voluntary licence to the applicant it would be deemed that the reasonable requirement of the public for the patented invention has not been met. So far as condition (iii) above viz. working in territory of India is concerned the same is to be decided having regard to the provisions of Section of the Act. Section-83 of the Act provides general principles which one must have regard to while determining whether the patented invention is being worked in India. The factors to be regarded inter alia are whether the patented invention is being worked in India on a Commercial scale, the transfer of technological advances is taking place for mutual advantage of the producer and users of the technology knowledge. Besides the grant of patent should not enable the patent holder to enjoy a monopoly for import and the patent holder should not abuse his rights so as to adversely affect the transfer of international technology.

(b) In terms of Section 87 of the Act whenever an application is made for compulsory licence, the applicant has to satisfy the Controller that prima facie conditions exist for a grant of compulsory licence in respect of the patented invention. It is only on the prima facie satisfaction of the Controller that the application will be served upon the patent holder as well as published in the official journal. On publication in the official journal, the patent holder (independently served) or any other person desiring to oppose the application could file their notices of opposition to the grant of compulsory licence. The Controller would thereafter hear the applicant and the opposition i.e. patent holder or any other person desiring to oppose application before passing the final order. In terms of Section of the Act the Controller could adjourn an application

for Compulsory Licence where the patent holder is able to satisfy the Controller that the patented invention is not being worked in the territory of India only because of insufficient time to enable the invention being worked on a commercial scale in India. However, the adjournment on the above ground by the Controller shall be for a period not exceeding 12 months and the adjournment will be granted only on satisfaction of the Controller that the patent holder has taken prompt steps to initiate the working of the patent in the territory of India on a commercial scale.

c) The Controller would after considering the evidence and hearing the parties before it either grant or refuse to grant the Compulsory Licence by a reasoned order. However, in case the Controller does grant a Compulsory Licence the terms and conditions of the grant would be in terms Section 90 of the Act which inter alia provides:-

i) that royalty and other remuneration to be paid to the patent holder should be reasonable, having regard to the nature of the invention, the expenditure incurred by the patent holder in making and developing patent;

ii) that the patented invention is worked to the fullest extent by the person to whom the compulsory licence is granted with reasonable profit to him;

iii) that the patented articles are made available to the public at reasonably affordable price; and

iv) the licence granted to the applicant would be non-exclusive licence and non-assignable.

d) The grant or refusal to grant the compulsory licence is appealable to the Tribunal under Section 117-A of the Act. Thereafter, the order of the Tribunal is open to review before the Court under Article 226 of the Constitution of India.

VII) Discussion:-

Keeping the above broad parameters of the provisions of Chapter XVI of the Patent Act, we shall now consider the submissions made by the parties before us.

A) Did the applicant (Natco) make efforts to obtain voluntary licence from the Patent holder (Bayer)?

10. It is an undisputed position between the parties that out of the two conditions precedent to consider an application for Compulsory Licence one of the conditions viz. 3 years should have elapsed from the grant of the patent before an application can be made is satisfied. However, the petitioner urges that the other condition precedent to entertain the application viz. making of efforts to obtain voluntary licence from the patent holder on reasonable term and conditions as mandated by Section 84(6) of the Act has not been satisfied i.e. the applicant has not made efforts. On this ground alone, it is submitted that the impugned order needs to be set aside. It is pointed out that the letter dated 6 December 2010 was more in the nature of a notice rather than an effort to obtain a voluntary licence from the petitioner. In any case it is submitted by the petitioner that in its reply dated 27 December 2010 it had informed Natco that, in any case, if Natco had anything further to state they could do so within 14 days from the receipt of the

petitioner's aforesaid letter. Thus, if Natco's approach to the petitioner for grant of voluntary licence was *bonafide* it would have again approached the petitioner for a voluntary licence. At this stage we did enquire of the petitioner's Counsel whether petitioner was willing to consider a grant of voluntary licence to Natco and the categorical answer was No. It is undisputed that the letter dated 27 December 2010 of the petitioner to Natco very categorically states that it does not consider it appropriate to grant voluntary licence to Natco.

11. We have examined the correspondence between the Natco and the petitioner. It is on the basis of examination of evidence i.e. exchange of letters between the parties in the context of Section 84(6) of the Act that both the authorities concluded that effort was made by Natco to obtain for voluntary licence. This concurrent finding of fact was based on appreciation of evidence before the authorities. We also find that the petitioner's response dated 27 December 2010 to Natco's request for a Voluntary licence very clearly records its refusal to grant voluntary licence to the applicant. The so-called window in the petitioner's response for Natco to approach is illusory as it is open only if the Natco had anything to add to the application already made. Therefore, we find no reason to interfere with the findings of the authorities under the Act. We hold that the second condition precedent for consideration of application for compulsory licence namely an effort to obtain a voluntary licence has been satisfied by Natco. Therefore, the consideration of the application by Natco for grant of Compulsory Licence to the Controller cannot be faulted nor the impugned order can be faulted on the above ground.

B) Have the reasonable requirements of the public been satisfied?

12. The petitioner next contends that grant of compulsory licence was not warranted as the reasonable requirement of the public for the patented drug has in fact been satisfied. We deal with various facets in support of the above submissions made by the petitioner as under:-

(a) It is submitted that the burden/onus is on Natco to establish that the reasonable requirement of the public is not satisfied with regard to the patented drug. This the petitioner submits Natco failed to do.

We find that in the scheme of the Act it for the applicant while filing an application for Compulsory Licence in terms of Section 87 of the Act to make out a prima facie case that one or all the grounds stated in Section 84(1) of the Act are prima facie attracted/applicable in respect of a patent for which the Compulsory Licence is sought. It is only on prima facie satisfaction of the Controller that the patent holder is called upon to file its opposition to the grant of its patent to the applicant i.e. Natco by invoking compulsory licence. At that time, it is for the patent holder in its opposition to aver and thereafter lead evidence to show that the reasonable requirement of the public with regard to the patented drug has been satisfied. The best evidence with regard to the extent the patent holder is making available the patented drug is within the knowledge of the patent holder i.e. petitioner. This information the petitioner has to furnish in support of its opposition only after the Controller is prima facie satisfied that the applicant has made out a prima facie case in support of its application. Thus, the initial burden is admittedly on the

applicant i.e. Natco to make out a prima facie to the satisfaction of the Controller and only after that the petitioner is required to establish with facts in its possession that the reasonable requirement of the public is not satisfied. Therefore, we do not find any substance in this objection.

(b) The reasonable requirement of the public has to be considered by the authorities in the context of number of patients requiring the patented drug. It is submitted by the petitioner that it is not in every case that a person suffering from HCC or RCC Cancer is required to be administered the patented drug. The occasion to administer the patented drug arises only during the last stages of a patient's illness and even in that case the Doctor may opt for a line of treatment requiring measures other than the intake of the patented drug. The aforesaid exercise it is submitted has not been carried out by any of the two authorities under the Act and therefore, without first determining the exact quantum of the patented drug required by the public it is not possible to conclude that reasonable requirement of the public is not met by the patented drug.

We find that this exercise can never be carried out on a mathematical basis. It has to be on a broad basis and this broad exercise has been done on the basis of the evidence produced by the parties. In fact, authorities under the Act have considered the rival statistics of the patients before it and on that basis determined the reasonable requirement of the public. In any view, the parties before the authorities had relied upon Globocan 2008 figures for the incidence of patients suffering from cancer in India and sought to put different interpretation on it. In any case the authorities have examined the issue whether the patented drug is meeting the reasonable requirement of the public on the basis of the interpretation of the Globocon figures put by the petitioner. Therefore, we see no basis for the above grievance on the part of the petitioner even as we hold that question of reasonable requirement of the public is to be determined on the basis of evidence led by the parties before the authorities.

c) The petitioner before us sought to contend that the number of patients requiring the patented drug in India arrived at by the authorities is not correct. We find no substance in this submission. The Controller has examined the issue of reasonable requirement of the public for the patented drug being satisfied on the basis of figures given by the petitioner in affidavits of its Country Medical Director one Dr. Manish Garg dated 8 February 2012. The above affidavit of Dr. Garg states that about 4004 RCC patients would require the patented drug while total number of HCC patients who would require the patented drug would be another 4838 thus making it an aggregate of 8842 patients. As against the above requirement the petitioner has sold only 593 number of boxes i.e. supplied patented drug to about 200 patients in 2011. The Controller in his order has found that if one adds the patented drug supplied by Cipla i.e. 4686 packets the total availability would be only for 5279 packets which even according to the figures of petitioner would not anywhere meet the annual requirements of the patients. Thus, the reasonable requirement of the public with regard to the patented drug has not been satisfied. For the purposes of the above exercise we have, just as the Controller, proceeded on the basis that even if patented drug supplied by the infringers namely Cipla is taken into account reasonable requirement of

public is not being met/satisfied. Thus the reasonable requirement of the public under Section 84(1)(a) of the Act is not satisfied even if one accepts the figures of the petitioner.

B-I) Whether the supplies by infringers of the patented drug is to be considered/taken into account to determine the satisfaction of the reasonable requirement test?

d) It was contended by the petitioner that while determining the satisfaction of the reasonable requirement of the public for the patented drug, the supplies made by the infringers i.e. Cipla has to be taken into account.

In the present facts this exercise may not be necessary as the test of meeting the reasonable requirement of the public is not satisfied even after taking into account the supplies of Cipla as done in (c) above. However, as submissions were advanced on this issue and it would have a bearing on other applications for compulsory licence, we are considering the same as a pure legal issue. The authorities have held that the supplies by infringers of the patented drug cannot be taken into account as the supply of the patented drug by the infringer is uncertain. This is because the petitioner has filed infringement of patent proceeding against the infringer and at any time the Court could injunct the infringer from making/selling the patented drug. The petitioner has strongly contested the finding and placed reliance upon the decision of the High Court of Justice Chancery Division dated 7 November 1910 in the matter of Fiat Motors Limited for revocation of seven patents of Mercedes Daimler Motor Company Limited 1910(27) RPC 762 wherein the Court held that the quantity of patented goods supplied by the infringers could be considered while deciding an application for revocation of the patent on the ground that patented article is mainly manufactured outside of U.K. The Court was of the view that the quantity made available by the infringer can be taken into consideration to determine whether the goods are mainly manufactured in U.K. The above decision, in our view, would not apply for the simple reason that from the record it does not appear that any proceedings were initiated by the patent holder therein against the infringer unlike in this case where the petitioner has filed infringement suit against the infringer viz. Cipla. It is the petitioner's contention before us that the suit filed before the Delhi High Court against Cipla the alleged infringer for injunction should be ignored as no injunction has yet been granted. This is of no avail to the petitioner as it could be granted at any time as the suit continues to be pending. Therefore, infringer's quantity of goods cannot be taken into account only because it could stop on any day. It is only where the patent holder accepts the infringer's participation in the market and in fact grants him de facto licence could the infringer's supplies be taken into account.

e) Moreover, the obligation to meet the reasonable requirement of the public is of the patent holder alone either by itself or through its licensees. This is so as the application for compulsory licence seeks a licence under Section 84 of the Act from the patent holder. Section 84(6) of the Act, requires the Controller while considering the application for compulsory licence to consider the measures taken by the patent holder to make full use of the patented invention. One more fact as held by the Tribunal which cannot be lost sight of is that the petitioner in its Form 27 filed with the Controller on yearly basis has not included Cipla's sale of the infringed patented drug as

participating in meeting the reasonable requirement of public. The petitioner places reliance upon CIPA Guide to the Patents Act 6th Edition by the Chartered Institute a Patent Attorneys at page 572 which opines to the effect that an infringer's goods could also be taken into account to consider the availability of the goods for the purpose of satisfaction of the reasonable requirements of the public. However, the CIPA Guide to the Patents Act deals with the patent law as in existence in England. Moreover, it appears to be a view which is not supported by any reasoning. Therefore, being a mere *ipse dixit* of the Institute, we do not find any reason to accept the opinion in CIPA Guide to Patents as it is bereft of any justification.

B-II) The meaning to be given to the words "adequate extent"

(f) Before we conclude on the issue of meeting the reasonable requirement of the public, it must be pointed out that Section 84(7) of the Act provides a deeming fiction which deems that reasonable requirement of the public is not satisfied, if the demand for patented article is not met to an adequate extent. The Parliament has deliberately used the word "adequate extent". The aspect of adequate extent would vary from article to article. So far as luxury articles are concerned the meeting of adequate extent test would be completely different from the meeting of adequate extent test so far as medicines are concerned. In respect of medicines the adequate extent test has to be 100% i.e. to the fullest extent. Medicine has to be made available to every patient and this cannot be deprived/scarified at the altar of rights of patent holder. In fact, this is the mandate of Parliament by providing for Compulsory Licensing. This would also be in accord with Doha Declaration 2001 which inter alia reiterates flexibility to member countries so as to ensure access to medicines for all. Undisputedly the requirement of all the patients are not being met by the patented drug.

In view of all the above reasons, we find no merit in the petitioner's submission that it has met the reasonable requirement of the public in respect of the patented drug under Section 84(1)(a) of the Act.

C) Was the patented drug available to the general; public at reasonably affordable price?

13. The petitioner next contended that as the patented drug was available to the general public at reasonably affordable price the impugned order to the contrary is not sustainable. It is submitted by the petitioner that in view of the availability of the patented drug at reasonably affordable price to the public, no occasion to invoke Section 84(1)(b) of the Act has arisen in the present facts. The various aspects in support of the above submission highlighted by the petitioner are examined as under:-

(a) The petitioner submits that before deciding whether the patented drug was available to the public at reasonably affordable price it was necessary for the authorities to first determine what is the reasonably affordable price in respect of the patented drug. This would be evident from reading of Section 84(1)(b) with Section 90(1)(iii) of the Act. It is mandated by Section 90(1)(iii) of the Act that the Controller should ensure that the patented drug is available at reasonably

affordable price. We are of the view that the Act itself does not bestow any powers of investigations with regard to the reasonably affordable price and therefore, the authorities do not have the where withal/personnel to carry out the above exercise. Thus, the same has to be arrived at on the basis of the evidence led by the parties before it of their respective prices. The obligation of the authorities under the Act is with regard to grant, control and revocation of patent and not price determination of the patented invention. It is for this reason that Section 90(1)(iii) of the Act on which reliance is being placed does not direct the Controller to fix the reasonably affordable price but only directs the Controller to endeavour to ensure/secure the patented article is available at reasonably affordable prices. As rightly pointed out by Ms. Iyer, Counsel for Union of India, the Controller while exercising his jurisdiction under Section 84 of the Act for grant of compulsory licence is essentially adjudicating a *lis* between the patent holder and the applicant for the compulsory licence. In this *lis*, any other person who is opposed to the grant of Compulsory Licence could also file its notice of opposition to the Controller. It is axiomatic that while deciding a *lis* it is not open to an adjudicator to become a participant in the *lis*. Therefore, the evidence led by the parties and impeached by the other side would form the basis of determining reasonably affordable prices. This reasonably affordable price has to be determined on the basis of the relative price being offered by the patent holder and the applicant after hearing other interested parties opposing the application. Therefore, in the present case the price at which the petitioner is selling the patented drug is at about Rs. 2,84,000/- per month of therapy and the applicant was offering the same at Rs. 8,800/- per month of therapy. In such a case the reasonably affordable price has to necessarily be the price of the applicant as it by itself establishes that the price of the petitioner is not a reasonably affordable price.

(b) One more fact which cannot to be lost sight of, is the stand of the petitioner before the Controller that it is not open to the Controller to call for balance sheet and other figures of the patent holder on an application for compulsory licence. This even when it is urged by the applicant that the patented drug is not being offered at a reasonably affordable price by the petitioner. Thus, in the present facts it would be impossible for the authorities, in the absence of figures being made available by the patent holder to independently determine the reasonably affordable price of the patented drug.

c) It was next submitted by the petitioner that price of the patented drug was to be arrived at taking into account not only the research and development costs for the patented drug but also the costs incurred in respect of research and development on failed drugs. In support of the above, petitioner relied upon two affidavits of Mr. Dintar dated 9 February 2012 and 9 July 2013 who works with the petitioner as head of its Global Drugs Discovery Operations. The above affidavits state that the petitioner had in 2010 invested about Rs. 114 billion in its research and development activities. It is also submitted that costs incurred on failed product which is to be recovered from its customer is also to be taken into account to arrive at reasonably affordable price. Thus, it was submitted that the price at which it is selling the patented drug in India, is a reasonably affordable price. It was emphasized that the reasonably affordable price would not mean the lowest price but

would include a reasonable consideration/return for the patent holder also. Moreover, it is sought to be emphasized that the price charged by the petitioner for the patented drug is uniform all over the world including India (subject to factors like exchange rate, tax etc.).

As against the above, Natco had led evidence before the Controller of one Mr. James Love who filed an affidavit pointing out figures evidencing that the total amount spent on research and development from 1994 up to 2004 were recovered by the petitioner in one year itself. The petitioner has not produced its audited accounts to establish the amounts spent on research and development. In fact, before the Controller, the petitioner had protested at the calling for the Balance Sheet etc. In any case, the patented drug is classified as an orphan drug in U.S.A. As an orphan drug, the petitioner is entitled to be reimbursed either by tax credit or otherwise to the extent of 50% of its costs incurred on research and development of the patented drug. However, the petitioner has not made available either before the Controller or before the Tribunal or before us the quantum of reimbursement received. The above figures would establish the total costs incurred by the petitioner on research and development of the patented drug. This could have formed the basis to decide the reasonable price at which the petitioner could make the drug available to the public in India. The petitioner has not chosen to produce the above best evidence before the authorities. An adverse inference, must necessarily be drawn against the petitioner. Further, in terms of Section 90(1) of the Act on which the petitioner is placing reliance only requires the expenditure incurred for research and development on the patented drug to be included for the purposes of considering the terms and conditions of the Compulsory License. These figures are known to the petitioner and yet not produced by it. Therefore, no fault can be found with the impugned order holding that the patented drug is not available to the public at a reasonably affordable price.

d) The petitioner also contended that it has introduced a Patient Assistance Programme (PAP) in respect of the patented drug. The PAP is a compromise between the commercial interest of the petitioner and the public health interest. According to the petitioner, w.e.f. April 2012, when a patient buys three dosages of the patented drug i.e. 12 tablets then the remaining tablets for the month i.e. 108 tablets for 27 days are given free to the patients covered under the PAP. However, we find substance in the submission of Mr. Grover, learned Counsel appearing for Natco that the medicine supplied under PAP is not medicine available at the reasonably affordable price to the public. It is a special price given only to particular patients. The patient covered by PAP would be given assistance by the petitioner on the recommendation of the doctor and at the discretion of the petitioner. The patented drug is not in the ordinary course available to any member of the public at the PAP price. The PAP price is conditional price depending upon the patient satisfying certain pre-existing criteria and completely at the discretion of the petitioner and the doctor attending the patient. The requirement under Section 84(1)(b) of the Act is that the patented drug should be available to the public at a reasonably affordable price i.e. to any member of the public tendering the price. This is admittedly not so in respect of the PAP price. It is an exception created subject to satisfaction of certain conditions. The exceptional price is not the price at which the patented

drug is made available to the public. In any view of the matter, the petitioner itself has in its opposition to the grant of Compulsory License categorically stated that the medicine distributed under PAP was a charity. In case of charity, it is not open even to any of the beneficiaries, leave alone any member of the public, to demand and insist on the charitable PAP price being extended to him. The decision whether or not to extend the charity would be sole prerogative of the donor i.e. the petitioner.

(e) The petitioner contended that the authority should have accepted the dual pricing system adopted by them for the purpose of determining the reasonably affordable price. No fault can be found with the concept of dual pricing. In fact, the concept of dual pricing would appear to fit in Section 84(1)(a) of the Act which covers a situation where the reasonable requirement of a public with respect to the patented invention is not satisfied. This situation would arise not only on account of sufficient patented drug not being available in adequate quantity but it can also arise on account of the price of the patented drug being so high that a large section of the public is not able to access the patented drug. An indication of this is found in Section 84(7)(ii) of the Act which while dealing with factors under which the reasonable requirement of the public shall be deemed not to have been satisfied states that if patented article is not made available to an adequate extent or on reasonable terms. (emphasis supplied) This phrase 'reasonable terms' does not speak about the price of the patented drug available to the public but would refer to the cases covered by PAP. In such cases, where a poor patient is unable to access the medicine because of the price, then the same is made available to the poor patient concerned on reasonable terms i.e. adoption of PAP price. In such a case, the reasonable requirement of the public with regard to the patented drug has been satisfied. The concept of dual pricing such as PAP would be available while applying Section 84(1)(a) of the Act and not while applying Section 84(1)(b) of the Act. There can be no quarrel with adopting the differential price terms so that the economically weaker patients in our country are able to access the medicine at a lower price, where the costs of medicine itself is prohibitive.

In view of the above, we find no reason to interfere with the impugned order to the extent it holds that the patented drug is not available to the public at reasonably affordable price. Thus, attracting Section 84(1)(b) of the Act to the present facts.

D) Has the Patented Drug been worked in the territory of India?

14. It was next contended that the patented drug had been worked in the territory of India. Consequently, the grant of compulsory licence on the above account was not sustainable. In support it is urged as follows:-

a) The petitioner submits that the patented drug had been worked in the territory of India by importation of the same. In particular, attention was invited to Article 27 of the TRIPS which inter alia provides that there would be no discrimination in respect of patented product whether legally manufactured or imported. It is the case of the petitioner that the requirement of patented drug has been worked in India by virtue of import and this is also apparent from Form 27

prescribed under the said Act and the Patent Rules. Patent holder has to file a statement in Form 27 with the Controller regarding the working of the patent in India. In the aforesaid form the patent holder while giving details of patented drug in India, has to make declaration of working in India of the patented product under two classifications namely manufacture in India and secondly imported from other countries. The petitioner submits that there is no requirement in the Act that for the purpose of patented drug being worked in the territory of India, it should necessarily be manufactured in India as provided prior to 2002. This according to the petitioner is evident from erstwhile Section of the Act prior to 2002 using the word 'manufactured in India' as a part of Chapter XVI of the Act. This itself is a further indication that the imported supply of goods within the territory would amount to working of patent in India. It was submitted that the Tribunal in the impugned order dated 4 March 2013 has specifically held that the working in India could be done even by import.

However, the Union of India before us contends that for the purposes of working in India, patented drug has to be manufactured in India.

b) So far as reliance upon Article 27 of TRIPS by the petitioner is concerned, we find that it ignores the exceptions thereto provided in Articles 30 and 31 of TRIPS. So far as erstwhile Section 90 of the Act is concerned it dealt with the situations under which the reasonable requirement of the public is deemed not to be satisfied i.e. similar to Section 84(7) of the Act now existing. We find that the words 'manufacture in India' under the erstwhile Section 90 of the Act have been omitted and have not been introduced in Section 84(7) of the Act, while dealing with the issue of the reasonable requirement of the public being deemed not to be satisfied. Further, prior to 2002, the erstwhile Section 90 of the Act read as under:-

90:-When reasonable requirement of the public deemed not satisfied-

for the purposes of Section 84 shall be deemed not to have been satisfied-

(a) if, by reason of the default of the patentee to manufacture in India to an adequate extent and supply on reasonable terms, the patented article or a part of the patented article which is necessary for its effective working or

Therefore, even earlier, the requirement was failure to manufacture in India to an adequate extent. Be that as it may, whether the invention is being worked in territory of India has to be looked at through the prism of Section 83 of the Act which contains the legislative guidelines to govern the meaning of the words 'worked in the territory of India'. The guidelines viz. Section 83 of the Act in particular states that the patent is not granted so as to enable the patent holder to enjoy a monopoly with respect to the importation of the patented article. Thus, it would presuppose that some efforts to manufacture in India should also be made by the patent holder. This is further supported by the other considerations set out in Section 83 of the Act to be applied in construing 'worked in territory of India'. Section 83(c) of the Act provides that there must be transfer of technological knowledge to the mutual advantage of the producers and users of the patented article. In this case, the user of the knowledge of the technology is the patient in India

i.e. cancer patients. Section 83(f) of the Act provides that patent holder should not abuse his patent so as to inter alia adversely affect international trade. As against the above, Form 27 as prescribed also gives an indication that importation could also be a part of working in India. Therefore, as rightly held by the Tribunal, it would need to be decided on case-to-case basis. It would, therefore, follow that when a patent holder is faced with an application for Compulsory License, it is for the patent holder to show that the patented invention/drug is worked in the territory of India by manufacture or otherwise. Manufacture in all cases may not be necessary to establish working in India as held by the Tribunal. However, the patent holder would nevertheless have to satisfy the authorities under the Act as to why the patented invention was not being manufactured in India keeping in view Section 83 of the Act. This could be for diverse reasons but it would be for the patent holder to establish those reasons which makes it impossible/prohibitive for it to manufacture the patented drug in India. However, where a patent holder satisfies the authorities, the reason why the patented invention could not be manufactured in India then the patented invention can be considered as having been worked in the territory in India even by import. This satisfaction of the authorities is necessary particularly when the petitioner admittedly has manufacturing facilities in India. In the circumstances, the contention of Union of India that 'worked in India' must in all cases mean only manufactured in India is not acceptable.

E) Whether the application for compulsory licence ought to have been adjourned by the Controller?

15. It was contended that in any view of the matter the Controller ought to have adjourned the consideration of the application for compulsory licence filed by Natco. This would have given petitioner time to work the patented drug on commercial scale in India. We find no merit in the aforesaid submission. This is for the reason that Section 86 of the Act which provides for adjourning application for compulsory licence has to essentially satisfy two conditions which are as follows:-

- a) The time which has lapsed since the patent was granted and when an application for compulsory licence was made was insufficient to enable the patent holder to work the patented drug in India on a commercial scale; and
- b) Patent holder should have taken steps towards working the patented drug in India on a commercial scale with promptitude.

In the present case the petitioner was granted the patent in India in 2008. The petitioner also has manufacturing facilities available in India. The petitioner has led no evidence before the authorities to indicate what steps they have taken and with what promptitude the same have been taken for the purposes of working the patent in India after 2008. The patent holder i.e. petitioner has led no evidence before the authorities in support of its submission that application for compulsory licence should be adjourned in view of the petitioner satisfying the requirement of

Section 86 of the Act. In the circumstances, we find no fault with the order of the Controller refusing to adjourn the application for compulsory licence.

F) Terms & Conditions for grant of compulsory licence

16. It was lastly submitted that grant of compulsory licence to Natco has been done without proper application of Section 90 of the Act which provides for the terms and conditions under which a compulsory licence is to be granted. In terms of Article 31 of the TRIPS agreement it is provided that the patent holder shall be provided adequate remuneration while granting compulsory licence. Similar provision has been incorporated in Section 90 of the Act which inter alia provides that while settling the terms and conditions of the compulsory licence the Controller has to ensure that the royalty and other remuneration, if any, paid to the patent holder should be such as would reasonably cover the expenses incurred by the patent holder in making and/or developing and/or maintaining patented invention. The Controller in the impugned order dated 9 March 2012 provided that royalty be paid at 6% of the net sales made by Natco. This royalty was fixed keeping in view the fact that the petitioner had led no evidence to show the expenses incurred by it to invent the patented drug. Besides, globally it has been recorded by the Controller in his order dated 9 March 2012 that the United Nation Development Programme specifically recommended that the normal rate of royalty should be 4% which has been further adjusted to 6% of the net sale by the Controller. As against the above that the Tribunal has increased the royalty from 6 to 7% of net sales by Natco. The petitioner has not been able to show in what manner the royalty fixed at 7% is inadequate particularly as the petitioner has led no evidence of the cost incurred by it to develop the patented drug. In view of the above we see no reason to interfere with the royalty being fixed at 7% of the net sale of Natco in respect of the patented drug.

17. During the course of its submission the petitioner submitted that the impugned order of the Tribunal was not sustainable in law as it was based on Ayyangar Committee report on the ground that above report essentially deals with process patent scenario and not product patent regime. The Act has been passed on the basis of the Ayyangar Committee report to replace the Patent and Design Act 1911. In any case, the decision has been rendered on the basis of the provisions of the Act, particularly Chapter XVI of Act. Mere reference to the Ayyangar Committee report in the order does not make it based on that report. Therefore, there is no substance in the above objection.

18. It was also submitted that the Tribunal in its impugned order has held that proceedings under Section 84 of the Act are in public interest. If proceedings are in public interest it was submitted that the Tribunal and the authorities under the Act should have independently examined and determined the reasonable requirement of the public as also the reasonably affordable price as contemplated in Section 84(1)(a) and 84(1)(b) of the Act. The aforesaid objection has been dealt with by us separately while considering the provisions of Section 84(1)(a) and 84(1)(b) of the Act. The observations of the Tribunal that the proceedings under Section 84 of the Act are in public interest is in view of the fact that the entire basis of grant of compulsory licence is based on the objective that patented article is made available to the society

in adequate numbers and at a reasonable price. These are matters of public interest. The law of patent is a compromise between interest of the inventor and the public. In this case, we are concerned with patented drug i.e. medicines to heal patients suffering from Cancer. Public interest is and should always be fundamental in deciding a lis between the parties while granting a compulsory licence for medicines/drugs. Therefore, the above objection is also without any merit.

19. For all the above reasons, we see no reason to interfere with the orders dated 9 March 2012 and 4 March 2013 of the Controller and the Tribunal respectively granting compulsory licence under Section 84 of the Act to Natco.

20. Accordingly, the petition is dismissed. There shall be no order as to costs.

F. Hoffmann-La Roche Ltd. & Anr. v. Cipla Ltd.

2009(40)PTC 125(Del)(DB)

S. MURALIDHAR J - 1. This appeal by the Plaintiffs F. Hoffmann-La Roche Ltd. ('Roche') and OSI Pharmaceuticals Inc. ('OSI') is directed against the judgment dated 19th March, 2008 passed by the learned Single Judge of this Court dismissing I.A. No. 642/2008 filed by them in their suit CS (OS) No.89/2008, thereby declining their prayer for grant of an interim injunction to restrain the Defendant/Respondent Cipla Limited from manufacturing, offering for sale, selling and exporting the drug Erlotinib, for which the plaintiff No. 2 claimed to hold a patent jointly with Pfizer Products Inc. The impugned judgment nevertheless put the defendant to terms including furnishing an undertaking to pay damages to the plaintiffs in the event of the suit being decreed, to maintain accounts of the sale of its product Erlotinib, file in the court quarterly accounts along with the affidavit of one of its directors, and to file in the court annual statement of the sales of Erlotinib duly authenticated by its chartered accountants on the basis of its records, including the sales tax and excise returns.

Case of the Plaintiffs

3. In the plaint in the suit CS (OS) No.89 of 2008 it is stated that plaintiff No.2 OSI jointly owns a patent with Pfizer Products Inc. in respect of a small drug molecule medically termed as a "Human Epidermal Growth Factor Type- 1/Epidermal Growth Factor Receptor" (HER/EGFR) inhibitor, popularly known as Erlotinib. It is claimed that the said drug marked a major breakthrough and innovation in the treatment of cancer. According to the plaintiffs the various tests conducted on Erlotinib have shown a marked increase in the survival benefit in the patients suffering from advanced or metastatic non-small cell lung cancer (NSCLC).

4. The plaintiffs state that Erlotinib is administered in the form of a Tablet and sold under the trademark and name of "Tarceva", which is registered in the name of plaintiff No.1 Roche. It is claimed that Erlotinib and its formulation "Tarceva" have been approved by the United States (U.S.) Food & Drug Administration (FDA) in the year 2004 and thereafter by the European Union (EU) in the year 2005. On 13th March, 1996 OSI along with Pfizer Products Inc. made an application to the Controller General of Patents, Trademarks and Designs, New Delhi for grant of a patent in respect of Erlotinib. The Controller General of Patents, New Delhi granted the said applicants a certificate bearing Patent No.196774 dated 23rd February, 2007 which was subsequently recorded in the Register of Patents on 6th July, 2007. It is submitted that in terms of the amendments to the Patents Act, 1970 ("Act") in 2005, the product Erlotinib as well as the process of its manufacture stand patented and are entitled to protection as such.

5. On 8th January, 2001, plaintiff No.2 OSI and plaintiff No.1 Roche entered into a development collaboration and licensing agreement whereby Roche was granted licence to use and sell and offer for sale the licenced products of the former including Erlotinib. Roche was further licenced and authorized to cause enforcement of any infringement of property rights of

any of the products of plaintiff No.2 OSI. It is claimed that Roche introduced Tarceva in India sometime in April 2006. The announcement regarding the launch of Tarceva by the subsidiary of the Roche Group in India was given wide publicity by the media inter alia in view of its importance in cancer treatment.

6. The defendant Cipla Limited ('Cipla'), a company incorporated under the Companies Act 1956 and having its registered office at Mumbai, is alleged to have announced in the print and electronic media its plan to launch a generic version of Tarceva (Erlotinib) in India. One such news item appeared on 11th January, 2008 in an English daily "Mint" having wide circulation in New Delhi, Mumbai and Bangalore. The plaintiffs state that from such news report they learnt for the first time of Cipla's plans to infringe and violate the plaintiffs' rights. According to the plaintiffs the drug Tarceva (Erlotinib) has been developed after a long-sustained research and after incurring enormous expenditure inter alia on the tests which are mandatorily conducted for its efficacy and safety. It was alleged that the said innovation was duly protected under law and that no person except those legally authorized to exercise legal rights associated with the aforementioned patented drug could be allowed or permitted to simulate, re-create it in any manner or in any other name. It was alleged that the defendant had no right to opt to manufacture, sell or offer to sell any version of the drug Tarceva (Erlotinib) and that such action of the defendant, as announced by it, would be in blatant violation of the legal rights of the plaintiffs.

7. In para 20 of the plaint it was asserted that the plaintiffs were under imminent threat of violation of their patent rights inter alia at New Delhi. It was further asserted that "the application for the patent of the drug and process of manufacture of Tarceva (Erlotinib) was made and the patent was granted at New Delhi". It was argued that, therefore, this Court has territorial jurisdiction to adjudicate the suit. The suit was valued at Rs. 20 lakhs and for the relief of damages, it was tentatively valued at Rs.1 crore.

8. The suit was filed on 15th January, 2008. Along with the suit the plaintiffs filed an application under Order XXXIX Rule 1 Code of Civil Procedure 1908 (CPC), I.A. No. 642/2008, seeking ad-interim injunction restraining the defendant from infringing the plaintiffs patent in respect of Tarceva (Erlotinib).

9. The suit was listed before the learned Single Judge on 15th January, 2008, on which date the defendant appeared. The defendant filed an application on 18th January, 2008 for a direction to the plaintiffs to disclose the patent specification.

10. The defendant claimed that it had applied for drug approval for the Erlotinib tablet in May 2007 and the approval was granted in October, 2007. As on December, 2007 it had received approval from the Government of Goa for manufacturing the said tablet in various pack sizes of 30,60,100,500 and 1000 tablets. The defendant had launched the product under the mark Erlocip and the said tablet was used for treatment of lung cancer.

11. It was pointed in the written statement that in terms of the second proviso to Section 11-A(7) of the Patents Act 1970, introduced by the Patents (Amendment) Act, 2005 (effective from

1st January, 2005), in case of patent applications filed under Section 5 (2) [which concerns a claim for patent of an invention for a substance itself intended for use, or capable of being used, as medicine or drug] the rights of a patentee accrue only from the date of the grant of the patent. It was also pointed out that although a certificate was issued to the plaintiffs by the Controller General of Patents bearing Patent No.196774 dated 23rd February 2007, the pre-grant opposition was disposed of only on 4th July 2007. Therefore, the patent could not have been granted with effect from 23rd February 2007. It was submitted that the patent certificate was accordingly incorrect and the proceedings in the suit ought to be stayed till the correct authenticated certificate was produced. It was claimed that the patent could not be presumed to be valid unless it was more than six years old and since the patent was a new one patent and "granted under peculiar and suspicious circumstances" no injunction ought to be granted.

12. It was mentioned in para 15 that the defendant had also filed a counter claim along with written statement praying for the revocation of the patent granted to the plaintiff. The grounds for revocation raised in the counter-claim were asked to be treated as part of the written statement.

13. In para 16 of the written statement it was specifically averred that the plaintiffs' patent "for which the complete specification is yet to be disclosed for the drug Erlotinib" was "completely invalid". A reference was made to Section 3(d) of the Act and it was submitted that Erlotinib is a derivative of a known patent "Quinazoline". It was stated that there were at least three EU patents dating back to 1993 which disclosed the Quinazoline derivative. One of the said patents disclosed the exact chemical structure as found in the plaintiff's patent except for one substitution which is "obvious to any person skilled in the art". Further, the plaintiff had failed to prove that there was "any improved efficacy of the said drug". No figures or data had been provided in support of such claim. It was claimed that there was no invention or inventive step in the patent. The patent compound would be obvious to a person skilled in the art to arrive at. It was specifically averred that "the alleged patented product is nothing but a derivative from Gefitinib of AstraZeneca for which a patent was refused in India".

14. It was averred in the written statement that one of the pre-conditions for recently granted patent claim to be protected was that it ought to be "worked fully and commercially". It was pointed that the plaintiff got approval for importing and selling Erlotinib only in December 2005 and even as on date the product was neither easily available nor affordable due to its high pricing. No sales figures for the product for India had been given in the plaint in the attached documents and not even one invoice had been filed by the plaintiff. The plaintiff never chose to obtain exclusive marketing rights (EMRs) during the time that the law in India permitted it.

15. The written statement specifically pleaded public interest. It was pointed out that each tablet of the plaintiffs' drug Tarceva costs Rs.4,800/- whereas each tablet the defendant's Erlolip costs Rs.1,600/-. Thus, a one-month dosage of Tarceva for a patient undergoing treatment for cancer would cost Rs.1.4 lakh whereas the equivalent dosage of Erlolip would cost Rs.46,000/-. It was pointed out that in the context of life saving drugs, it was in the public interest that the drug should be made available at cheap and affordable prices.

16. Along with the written statement, the defendant filed copies of the European Patent "Publication No.0566 226 A1" (hereinafter EP"226) which was an application of AstraZeneca Limited in the EU for grant of patent in respect of 'Gefitinib'. Among the other documents filed by the defendant was the decision dated 30th August, 2007 of the Controller of Patents in India rejecting the application by AstraZeneca UK Limited for grant of patent in respect of Gefitinib. In the said application AstraZeneca UK Limited had cited EP"226 as the prior art and claimed that Gefitinib involved an inventive step with respect to that prior art and with enhanced efficacy. The Patents Controller concluded that Gefitinib was "obvious and does not involve an inventive step over the prior art EP " 226. It was therefore held to be not an invention within the meaning of section 2(1)(j) of the Patents Act, 1970 and no patentable invention within the meaning of section 3(d) of the Patents Act, 1970. In its written statement to the injunction application the defendant also placed on record the documents pertaining to US Patent No.6900221 (hereafter U.S."221) filed by OSI in the US for Polymorph-B. The said application was filed on 9th November, 2000 and was granted on 31st May, 2005.

Defendant's counter-claim

17. In the counter-claim filed by the defendant it was contended that under Section 2 (1) (ta) of the Patents Act 1970, inserted by the 2005 amendment, the expression "pharmaceutical substance" has been defined to mean "any new entity involving one or more inventive steps" and under Section 2 (1) (l) a "new invention" was defined as an invention "which has not been anticipated by publication in any document used in the country or elsewhere in the world before the date of filing a patent application with complete specification." It was contended that the suit patent therefore needed a special scrutiny as to the question of validity in the light of the above provisions which were specific to inventions in the field of pharmaceuticals.

18. In para 3.6 of the counterclaim it was contended by the defendant that the plaintiff "had failed to provide any evidence that the compound of claim 1 of the impugned patent possesses significantly enhanced activity over the closest compound of the prior art." In para 3.7 it was averred that the plaintiffs had not provided the relevant data that was required to demonstrate that the claimed compound had a higher therapeutic efficacy. In para 3.8 a reference was made to U.S."221 which clearly stated that the compound Erlotinib Hydrochloride was a mixture of two polymorphs A&B and that one needed to separate and purify the B polymorph so as to get to the claimed compound for acceptable efficacy. It was stated that subsequent patent clearly defeated the inventive step of the alleged invention.

19. In para 4 of the counter claim it was averred that the suit patent, i.e., Patent No.196774 [corresponding to US Patent No.5747498 - hereafter U.S."498] had been obtained by the plaintiffs by suppression of material information. It was stated in para 4.2 as under:

"It is stated that the patentee knew very well that if it discloses the truth that the claimed product is in the form of a polymorph then the patent application would have been rejected at the outset because there is nothing to show that the product has enhanced therapeutic effect.

Therefore, by suppression of material facts the patentee has managed to obtain the impugned patent by by-passing the provisions of Section 3(d)."

20. In para 5.2 of the counter claim the defendant pointed out as under: "The present impugned patent fails to disclose that the compound of claim 1 of the impugned patent is actually a mixture of polymorphs, which is useless for pharmaceutical use. The patentee has intently and capriciously withheld material information that is important for practicing the alleged invention disclosed in the impugned patent. Therefore, the defendant states that the specification of the impugned patent does not sufficiently describe the invention, particularly with regard to compound of claim 1 of the impugned patent. The impugned patent is therefore liable to be rejected on this ground alone."

Defendant's application under O VII R 11 CPC seeking dismissal of the Suit

21. On 30th January, 2008 the defendant filed an application I.A. No.1272/2008 before the learned Single Judge seeking dismissal of the suit. The thrust of this application was that the defendant had discovered that the plaintiffs had made two further applications for grant of patent in respect of the same chemical compound for a different crystal form which was termed by the plaintiffs as B- polymorph. The first application was filed on 14th May, 2002 and published first on May 20, 2005 and thereafter re-published on 23rd February, 2007. In the said application priority was claimed over three US applications one of which was U.S."221. The second application which was filed on May 13, 2002 and published on 20th May, 2005 claimed priority over three US applications one of which was U.S."221. It was pointed that the suit patent had claimed priority over U.S."498 published on 5th May, 1998. A reference was made to the statements made by the plaintiffs in U.S."221 which showed that the Indian patent No.196774 was in relation to the hydrochloride compound in the form of mixture of polymorphs A and B which was known to the plaintiffs way back in the year 2000 since this corresponded to U.S."498 which was granted in 1998 itself. However, this fact was never stated in the application made before the Patent Controller. Since the admitted position of the plaintiffs was that patent No.196774 was not a preferred form for manufacture of tablets, the defendant was curious to know how the plaintiffs were still importing and selling tablets of the said Hydrochloride compound under the brand "Tarceva". It sought to determine the actual crystalline structure of the tablets and accordingly purchased some manufactured in August 2006 from the local market. The x-ray diffraction data of Tarceva sold in India showed that it was "B-Polymorph of the Hydrochloride". This was confirmed by the defendant's expert. On an analysis of the X-ray diffraction pattern he came to the following conclusion: "Tarceva tablets are wholly B polymorph of the hydrochloride salt of N-(3-ethynylphenyl)-6, 7 bis(2-methoxyethoxy)-4-quinazolinamine. I further say that the X-ray powder diffraction of Tarceva clearly goes to show that it is not A polymorph or a mixture of A and B polymorph but is wholly B polymorph of the said compound."

22. The plaintiff in its various pleadings has claimed that the patented drug has been sold by it in India since April, 2006, meaning thereby the drug which is sold in India is the drug for which

the patent has already been granted, i.e., Patent No.196774. However, an analysis of the drug which is sold in India and the patent which is registered as also the patent which is pending in India reveals that the case of the plaintiff is completely false. The drug sold by the plaintiff in India appears to relate to the said pending patent applications and not the granted patent No.196774.

23. However, while notice was directed to issue in the application on 31st January 2008, on that very date the arguments in the injunction application I.A. No.642/2008 were concluded before the learned Single Judge and orders reserved. Thus, in the impugned judgment the learned Single Judge did not advert to I.A. No.1272/2008 although a reference was made in the passing to the facts concerning polymorph-B.

24. The summary of the conclusions arrived at by the learned Single Judge in the impugned judgment dated 19th March, 2008 are as under:

(i) Section 3(d) of the Patents Act, 1970 was not merely clarificatory of the pre-existing law as contended by the plaintiffs. The Parliament consciously enacted a standard of known obviousness as a pre-condition of patentability; it also excluded the derivatives of known substances unless they differed significantly in properties with regard to efficacy.

(ii) In patent infringement actions the court should not presume that a patent is valid especially if the defendant challenges it; the test to be applied in such event is to find out if the challenge by the defendant is genuine as opposed to a vexatious one and further that the defendant has "an arguable case".

(iii) In the instant case although the plaintiffs' case was arguable and disclosed prima facie merit, it had to answer the "credible challenge" raised by the defendant to the validity of the patent.

(iv) The order dated 4th July 2007 of the Controller of Patents appeared to have readily accepted the contention of the plaintiffs that the inventive step claimed was not obvious to the unimaginative person skilled in the art and that the substitution of methyl for ethynyl in the third position was not contained in the documents submitted by the defendant. The Controller of Patents failed to appreciate that this was the plaintiffs' response to the anticipation argument and was different from the defendant's objection on the ground of obviousness.

(v) There was merit in the plea of the defendant that comparative data regarding efficacy of the plaintiffs' drug, with existing drugs, was not independently shown at the time of examination of the claim by the Controller of Patents to establish that the product differed significantly in regard to its efficacy from the known substance or derivative.

(vi) The court cannot be unmindful of the general access to life saving products and the possibility that such access would be denied if injunction was granted. If the Court was of the opinion that the public interest in granting an injunction in favour of the plaintiff during the pendency of an infringement action is outweighed by the public interest of ensuring easy and

affordable access to a lifesaving drug, the balance should tilt in favour of the latter. In the instant case irreparable injury would be caused to the public if the injunction was granted as they would be deprived of the defendant's product. Several unknown persons who are not parties to the suit and who would be deprived of the lifesaving drug would not be able to be restituted in monetary terms for the damage that would be caused to them if the injunction were granted.

(vii) The injunction was accordingly refused subject to conditions already adverted to in the earlier paragraphs.

25. This court while admitting the appeal by an order dated 22nd April 2008 did not stay the operation of the impugned judgment. However, it restrained the defendant from exporting Erlocip to countries where the appellants have a registered patent during the pendency of the appeal.

26. At the request of the parties, the appeal was taken up for expeditious final hearing. Mr. Parag Tripathi and Dr. A.M. Singhvi, learned Senior Advocates appeared for the plaintiffs and Mr. Arun Jaitley, learned Senior Advocate and Ms. Pratibha Singh, learned Advocate appeared for the defendant.

27. In this appeal, one of the significant issues posed by the defendant, which has a bearing on whether the plaintiffs have made out a prima facie case for grant of injunction, is that the specification for the suit patent (i.e. patent No.196774 corresponding to U.S."498) showed that it was in respect of Erlotinib Hydrochloride Polymorphs A+B which was on their own showing an unstable form which could not be administered as such. It was contended that the case of the plaintiffs themselves was that it was Polymorph B which was the more stable form of the compound which could be administered in the tablet form. The x-ray diffraction pattern of the tablet Tarceva showed that it corresponded to Polymorph B for which the plaintiffs did not yet hold a patent. Their application for the grant of patent for Polymorph B was pending consideration. It was submitted that therefore not even a prima facie case was made out by the plaintiffs since they were seeking an injunction against the defendant in respect of a drug for which they did not yet hold a patent. Moreover, this fact had been suppressed by the plaintiffs both before the Controller of Patents as well as in the suit. On this sole ground injunction ought to have been refused.

28. It was pointed out by learned Senior Counsel for the defendant that the plaintiffs had been changing their stand in regard to polymorph B in the pending application before the Controller of Patents and during the hearing of the present appeal. Clearly the plaintiffs were trying to mislead both this court as well as Controller of Patents to the effect that Polymorph B was subsumed in Polymorphs A and B. In fact, it was initially contended before the Patents Controller that the closest prior art i.e. U.S."498 did not teach a compound of Polymorph B free of Polymorph A whereas in the subsequent letter dated 18th August 2008 the plaintiffs sought to contend that the earlier compound (polymorphs A and B) included all known and unknown polymorphs. If in fact Tarceva corresponded to polymorphs A and B, there was no need for the plaintiffs to have applied for a separate patent in respect of polymorph B. In any event polymorph

B also could not be granted a patent since it was not patentable under Section 3 (d) and further the plaintiffs failed to demonstrate any enhanced efficacy over the known closest prior art polymorphs A and B. It is pointed out that in the published literature pertaining to the history of Roche, which was placed on record by the plaintiffs themselves, it was claimed that Tarceva was invented only in 2004. Clearly therefore Polymorph B form of Erlotinib Hydrochloride (which was the tablet form of Erlotinib Hydrochloride and marketed as Tarceva) was not known to the plaintiffs at the time they applied for a patent for Erlotinib Hydrochloride as a combination of Polymorphs A and B. Therefore, Polymorph B could not be said to be subsumed in the compound of a combination of Polymorphs A and B.

29. The response of the plaintiffs to this contention was that the fact that they had applied for a separate patent in respect of Polymorph B would make no difference to the claim based on the granted patent in respect of Polymorphs A and B. This was because Polymorph B was subsumed in the compound which was a mixture of polymorphs A and B. As regards non-mention of the above facts before the learned Single Judge it is submitted that the application for Polymorph B was independent of the patent validly granted to the plaintiffs in respect of Polymorphs A and B. Inasmuch as even the defendant had in the written statement proceeded on the footing that the plaintiffs held a patent for Tarceva, and had therefore raised a challenge to the validity of the said patent, the Learned Single Judge was justified in not advertent to the contentions raised in the counter-claim and the I.A.1272 of 2008 while deciding the injunction application. It is further submitted that since the counter-claim and the I.A.1272 of 2008 were pending consideration before the learned Single Judge, this Court should not in deciding this appeal advert to the contentions raised therein.

30. Since this is an issue that did not arise for consideration before the learned Single Judge, and has been specifically raised in the appeal, this Court proposes to deal with it first. It must be noted at the outset that by the time the learned single Judge took up for consideration I.A. No. 642/2008 filed by the plaintiff seeking the ad interim injunction, the defendant had already filed I.A. No. 1272 of 2008 under Order 7 Rule 11 CPC. It had also filed a counter claim. In both these documents the defendant raised the plea that the suit patent pertained to Polymorph A + B whereas Tarceva was Polymorph B. The detailed sequence of the proceedings before the learned Single Judge have already been adverted to earlier in this judgment. The contents of the counter-claim and the IA 1272 of 2008 have also been set out in some detail and therefore need not be repeated. The fact remains that while the above fact concerning Polymorph B was noticed by the learned single Judge in the passing in para 43 of the impugned judgment, the learned Single Judge had no occasion to consider whether this was a relevant factor for determining if the plaintiffs had made out a prima facie case for grant of injunction in their favour.

33. The plaintiffs own case before the Controller of Patents in their "clarificatory" letter dated 18th August 2008 is that while in the U.S.A "it is perfectly possible and routinely done to patent incremental inventions e.g. Polymorph B of the main compound in addition to the main/dominating/umbrella compound", in India this is possible only subject to the conditions

specified in Section 3 (d) of the Patents Act 1970. In other words, Section 3 (d) read with its Explanation is, in the context of pharmaceutical products, an anti-evergreening provision. In the subsequent application for Polymorph B, the plaintiffs asserted that "polymorph B is claimed to be thermodynamically more stable and it helps in providing improved oral dosage in solid form." Although the plaintiffs were quick to add that this did not mean that the umbrella compound and all possible polymorphs thereof whether singly or in mixtures "were not useful and could not be used in solid oral dosage form", it does not answer a fundamental question that arises and which is this. Had the Controller of Patents while examining the plaintiffs' claim in respect of the compound which was a mixture of Polymorphs A and B been informed or was cognizant of the fact that there was another application pending in respect of Polymorph B in which the above statement was made by the plaintiffs, would he have not had to account for it while deciding the question whether the compound, as a combination of Polymorphs A and B, was demonstrated as showing enhanced efficacy over the closest prior art? From the plaintiffs' own showing it would not have been possible for the Controller of Patents to have granted a patent in their favour both in respect of Polymorphs A and B as well as Polymorph B. If the compound which was a combination of Polymorphs A and B was an inventive step over its closest prior art (EP'226) then clearly Polymorph B was only a different crystal form thereof and would fail the tests of novelty and obviousness. However, the patentability tests do not stop there. Section 3 (d) requires the demonstration of enhanced efficacy of the product. Although it was urged by the plaintiffs that stability of a product is not the same thing as its efficacy, it would have to be demonstrated by the Plaintiffs, particularly in light of their statements in the application for grant of a patent in respect of Polymorph B (and their statements in the corresponding patent U.S.'221) that a compound of Polymorphs A and B (and not A alone or B alone) could be orally administered as a drug. It is hard to imagine that the therapeutic efficacy of a pharmaceutical product could be tested without it even being able to be administered to a sample population.

34. This brings us to another significant issue. Should not an applicant for a patent of a pharmaceutical product be bound to disclose the details of all other applications made by the applicant for grant of patent of derivatives or forms of such product? For instance, in the instant case the application for grant of patent for Polymorphs A and B (the suit patent) was considered by the Controller of Patents in February 2007 and a certificate No. 196774 dated 23rd February 2007 was issued by him. The pre-grant opposition to the suit patent was considered thereafter and rejected by the order dated 6th July 2007. By this time the plaintiffs had already filed two applications, on 13th and 14th May 2002, for grant of patent in respect of Polymorph B of the compound of Polymorphs A and B. In these applications a reference was made to both U.S.'498 and U.S.'221 which were for Polymorphs A and B and Polymorph B alone respectively.

35. At this stage it may be useful to refer to the U.S.'221 which was granted to the plaintiffs for Polymorph B. The title begins with the words "Stable Polymorph of N-(3-Ethynylphenyl)-6, 7-Bis (2 Methoxy ethoxy)-4- Quinazolinone Hydrochloride, Methods of Production, and Pharmaceutical Uses thereof." In the said document a reference is made to the earlier US Patent No.5747498 issued on May 5, 1998 (which corresponds to Erlotinib Hydrochloride a combination

of Polymorphs A&B). A reference was made to the mesylate form of the compound which is easily deliverable according to parenteral methods of administration. By contrast, the hydrochloride compound was stated to be "preferred with respect to solid administration such as with tablets and oral administration". The "Summary" of the invention stated that the "present invention relates to polymorphs, and methods for the selective production of polymorphs of N-(3-Ethynylphenyl)-6,7-Bis(2Methoxyethoxy)-4- Quinazolinone Hydrochloride, particularly in the stable polymorph form". It was further disclosed in the said application as under: "Stability of the hydrochloride compound is of concern for its use in the treatment of patients since variations will affect effective FAO (O.S.) No. 188/2008 Page 22 of 57 dosage level and administration. It has been discovered that the hydrochloride of N-(3-ethynylphenyl)-6.7 bis(2-methoxyethoxy)- 4-quinazolinamine exists in two polymorph states, polymorph A and B. This contrasts with the mesylate compounds which exist in three polymorph states (mesylate polymorphs A, B and C). Polymorph B of the hydrochloride was found to be the thermodynamically most stable and desirable form and the present invention comprises the polymorph B compound in the substantially pure polymorphic B form and pharmaceutical compositions of the substantially pure form of polymorph B, particularly in tablet form and a method of the selective production of the compound. The hydrochloride compound disclosed in the U.S. Pat. No. 5,747,498 actually comprises a mixture of the polymorphs A and B, which, because of its partially reduced stability (i.e. from the polymorph A component), was not more preferred for tablet form than the mesylate salt forms."

36. In the subsequent Polymorph B patent specification the plaintiff admitted that "the Hydrochloride compound disclosed in the US patent no. 5747498 actually comprised a mixture of Polymorphs A and B, which, because of its partially reduced stability (i.e. from the Polymorph A component) was not more preferred for tablet form than the mesylate salt forms." It was further stated that "Polymorph B of the Hydrochloride was found to be the thermodynamically most stable and desirable form and the present invention comprises the Polymorph B compound in the substantially pure Polymorphic B form and pharmaceutical compositions of the substantially pure form of Polymorph B, particularly in tablet form and a method of the selective production of the compound."

37. Had the Controller of Patents been cognizant of this fact when he considered the application for the grant of the suit patent, he would have had to address the issue whether it was the combination of Polymorphs A and B or Polymorph B alone which satisfied all the patentability tests vis-a-vis Section 3 (d). He would have asked to examine in some detail what was in fact claimed and stated in U.S."498 and U.S."221. It may be noted that the application for U.S."498 was made on 28th May 1996 and granted on 5th May 1998. The application for U.S."221 was made on 9th November 2000 and granted on 31st May 2005. So, by the time Patent No. 196774 was granted on 23rd February 2007 to the plaintiffs, the facts concerning U.S."498 and U.S."221 were already known to the plaintiffs. The failure by the plaintiffs to bring the above facts to the notice of the Controller of Patents at the time of consideration of their application for patent for the compound of a combination of Polymorphs A and B was not consistent with the

requirement of a full disclosure. The plaintiffs cannot be heard to say that after all the applications for grant of patent in respect of Polymorph B were pending before the Controller of Patents and he should have known that fact any way. It is perfectly possible that the Controller of Patents might not know, unless his attention is drawn to the fact, of other pending applications concerning the derivatives and forms of the product in question. It is also possible that the pre-grant opposer is not aware of them. Certainly, the applicant would, as in this case, know how many more applications it has filed which are pending consideration. It would know what statements it made in the corresponding patents granted to it elsewhere. This would be relevant not only for the tests of novelty and obviousness but of efficacy as well.

38. There is more to the effect of non-disclosure by the plaintiffs to the Controller of Patents of the fact of their pending applications for Polymorph B when their application for the product being a combination of Polymorphs A and B was being considered. This Court notices that the plaintiffs have in their reply to the pre-grant opposition of the defendant to their application for grant of patent in respect of Polymorph B, and later in their letter dated 18th August 2008 addressed to the Controller of Patents, acknowledged their contradictory stands. The plaintiffs' stand initially was that U.S."498 (which corresponded to Indian Patent No. 196774) "does not contain an unambiguous disclosure of Polymorph B free of Polymorph A." In para 9.4 of their reply to the opposition of the defendant the plaintiffs stated: "There is no indication in the US"498 that there are different polymorphs of hydrochloride salt." In para 10.2 of the reply to the opposition it was stated that the Polymorph forms were not deemed to be within the prior art; that the US „498 (suit patent) was silent on the Polymorphs and so was the suit patent which was granted in 2007. It was further contended in para 10.3 that the inventors unexpectedly discovered in an around 1999 that Polymorph B had superior stability properties that made it particularly suited for solid oral dosage forms. It was contended in para 11.3 "the stable Polymorph B had been successfully used in human clinical trials before the examination of the application of the impugned patent and much prior to the filing of the suit." Even in the US the stand of the plaintiff while prosecuting its Polymorph B patent was that although the lung cancer was mentioned in „498 patent, NSCLC was not. The stand of the plaintiff, therefore, appears to be that Polymorph A + B of Erlotinib Hydrochloride covered under the US „498 deals with lung cancer and not with NSCLC. However, in their "clarificatory" letter dated 18th August 2008 the plaintiffs did a "flip-flop" and contended that U.S."498 "is for the main compound erlotinib hydrochloride which includes all possible polymorphs of main compound known and unknown." Also, they sought to contend that what they were claiming was a "selection invention" limited only to Polymorph B which is substantially free of Polymorph A. While this Court is not called upon to comment on whether this flip flop is permissible or tenable, it is plain that the change in stand would admittedly have a direct impact on the question of patentability of either a compound of Polymorphs A and B or of Polymorph B free of Polymorph A. It can be said with some certainty that such disclosure would have impacted the decision on the patentability of compound of Polymorphs A and B. When the defendant therefore questioned the validity of Patent No.196774 on the above ground, it did raise a more than credible challenge.

39. The effect of non-disclosure of the above facts by the plaintiffs in their plaint in the suit will be considered next. Admittedly the plaintiffs did not disclose the above facts even while they asserted that Patent No.196774 covered the product being marketed by them as Tarceva. The plaintiffs should have been candid and disclosed to the Court that they had filed separate applications for Polymorph B. They may have taken the plea, as they did repeatedly before this Court, that the subsequent application for Polymorph B was out of abundant caution and that Polymorph B was subsumed in the compound which was a combination of Polymorphs A and B. However, this was not done and this Court has had no valid explanation offered by the plaintiffs for this non-disclosure. Also, it may be recalled that the plaintiffs also did not disclose the complete specification of the product till the defendant filed an application seeking the information. This, in the considered view of this Court, is sufficient ground to hold that the plaintiffs in fact failed to demonstrate before the learned Single Judge and even before this Court that notwithstanding the pending applications in respect of Polymorph B which wholly corresponded to the tablet Tarceva, they had a prima facie case.

40. This Court holds that in an application seeking ad interim injunction in a suit for infringement of patent, it would be incumbent on the plaintiffs to make a full disclosure of the complete specification of the product whose patent is claimed to have been infringed. The plaintiffs have to make an unequivocal disclosure that the patent they hold covers the drug in question; whether there are any other pending applications seeking the grant of patent in respect of any derivatives or forms of the product for which they already hold a patent and the effect of such applications on the suit patent. Short of the above details, the Court being approached for the grant of an ad interim relief will be unable to form a view on whether the plaintiff has made out a prima facie case. Otherwise it would be a case of suppression of material facts that would have a bearing on the question.

41. Reverting to the case on hand, what is significant is that when the plaintiffs filed their suit in this Court, they were fully aware of the fact that Polymorph B was the more stable form of Erlotinib Hydrochloride. For marketing it in the tablet form, it was Polymorph B, which would be relevant. The plaintiffs knew that a separate application for grant of patent for Polymorph B had been made and obtained in the USA. They knew that in the USA while being granted that patent (which although an exercise in evergreening is stated to be permissible there), it was claimed that the closest prior art U.S."498 was for treatment of lung cancer in general not NSCLC in particular. The enhanced efficacy was sought to be thus justified. In short, their case was that on its own strength Polymorph B of Erlotinib Hydrochloride deserved an exclusive patent on the ground of inventiveness and enhanced efficacy, non-obviousness and non-teaching by any prior art. Clearly the applications made by the plaintiff before the Controller of Patents for grant of patent in respect of Polymorph B was on the same lines. It is indeed intriguing why the plaintiffs did not choose to be candid with this Court in making a full disclosure of all the above facts in its plaint. There can be no manner of doubt that had these facts fully disclosed in the plaint and the entire specification of the patent held by the plaintiff together with X-ray diffraction data of Tarceva and Erlocip filed along with the plaint, it is possible that the plaintiff

may have had difficulty in showing that the patent held by it (No.196774) covered Tarceva as well.

42. The case of the defendant is founded on the proviso to Section 11 A (7) of the Patents Act 1970 which states: "Provided that the applicant shall not be entitled to institute any proceedings for infringement until the patent has been granted." An off shoot of this argument is that the plaintiffs are admittedly not commercially exploiting the patent granted in their favour for a compound which is a mixture of Polymorphs A and B, since the tablet form corresponds to Polymorph B of the said compound Erlotinib Hydrochloride. In ***Franz Xaver Huemer v. New Yash Engineers***, AIR 2000 Del 23 a Division Bench of this Court held that the patent of a product which is not being commercially utilized cannot be enforced. The defendant must be held as having been able to demonstrate prima facie that the plaintiffs are not entitled to enforce Patent No.196774 as such.

43. Therefore, this Court holds that to the extent that the defendant has raised a serious doubt whether the plaintiffs in fact hold a patent for the product sold in the tablet form as Tarceva, the plaintiffs must be held not to have been able to cross the first hurdle of showing that they have a prima facie case in their favour for grant of an order restraining the defendant from marketing Erlolcip.

44. After the orders were reserved in the present appeal, the application filed by the plaintiff for grant of patent in respect of Polymorph B was rejected by the Controller of Patents by an order dated 15th December 2008. The said order has been placed on record along with CM No. 219/2009 filed by the plaintiff in the present appeal. A perusal of the said order shows that the rejection was on the ground that the applicant had failed to provide comparative data compared to prior art U.S.'498 to show any enhancement in the therapeutic efficacy of the polymorph B. Even for the stability and bioavailability they claimed, no data was provided vis-à-vis the prior art U.S.'498 compound. It was further held: "A mere difference in physical property is a well-known conventional variation of the same pure substance not showing an unobvious properties. Therefore, the changes alleged by the applicant is in the physical properties and not in the therapeutic efficacy. I therefore conclude that claim 1 and 2 are not patentable under Section 3 (d) of the Patent (Amendment) Act." Claim 6 of the plaintiffs in relation to composition comprising polymorph B form of Erlotinib was also struck down. The process claims of the plaintiffs in relation to Polymorph B have been set down for hearing.

45. It is sought to be contended by the plaintiffs that since their application for a patent in respect of the product Polymorph B form of Erlotinib stands rejected, the said order "sets at rest the argument of the respondent regarding the Polymorph B application prejudicing and invalidating the present suit or the claim of the appellants for an interlocutory injunction." It was submitted that since the application has been rejected on the ground of non-patentability in terms of Section 3 (d), the Controller of Patents had by implication accepted the argument that Polymorph B was subsumed in Polymorphs A and B. However, in the reply to the application it has been contended by the defendant that this is a misreading of the order dated 15th December

2008 of the Controller of Patents. It is pointed that the plaintiff's application for Polymorph B was rejected on the ground of failure by them to demonstrate enhanced therapeutic efficacy over the closest prior art, U.S."498. The plaintiffs filed a separate application for Polymorph B since they claimed that it was only during further studies and research on Erlotinib Hydrochloride that they found that it was Polymorph B which could be made into a tablet form and not the Erlotinib Hydrochloride prepared according to Example 20 of the suit patent. It is submitted that after the rejection of their application for a patent for Polymorph B, the plaintiffs cannot be expected to be in a better position against the defendant than when the said application was pending.

46. This Court is not aware with the plaintiffs wish to further pursue its application for grant of patent in respect of Polymorph B by challenging the order dated 15th December 2008 passed by the Controller of Patents. Whatever be the outcome in the said proceedings, the fact remains that when the Controller of Patents passed the order dated 6th July 2007 negating the pre-grant opposition to Patent No.196774, none of the facts pertaining to the separate applications for Polymorph B were accounted for. Those facts did have a bearing on the issue of patentability of the compound which was a combination of Polymorphs A and B. The order dated 15th December 2008 also makes no change to the position as regards the failure of the plaintiffs to make out a prima facie case before the learned Single Judge.

47. The learned Single Judge proceeded on the footing that the plaintiff in fact had a valid patent in its favour for the product Tarceva and proceeded to examine whether despite the plaintiffs holding such patent, it can be denied injunction. However, in view of the above decision of this Court the case has attained a different complexion. This Court finds that the plaintiffs ought to have been refused injunction for their failure to make out a prima facie case.

49. The submission of the appellant is that once the plaintiff has been able to show that it has a prima facie case, injunction should automatically follow.

50. The judgment of the learned single Judge has been assailed as proceeding on incorrect principles. It sought to be contended that even after finding that there was a prima facie case made out by the plaintiff, the learned single Judge split it into a two-stage test by first determining whether the plaintiff had a prima facie case and thereafter whether there was a prima facie case made out by the defendant. It is submitted that there is no precedent indicated by the learned single Judge for adopting this course. The judgment is criticized for using a multitude of phrases in deciding this issue. At one place the impugned judgment holds that the case of the defendant "is not implausible", at another place it is stated that defendant has "a credible or arguable challenge to the plaintiff's patent" and at another place that the defendant has not made "a palpably unfounded claim".

51. It is contended on behalf of the defendant that under the Patents Act, 1970, as contrasted with the Trade Marks Act 1999, there is no presumption of validity of a patent. This is evident from reading of Section 13(4) as well as Sections 64 and 107 of the Act. It is possible to raise multiple challenges to validity of patent at various stages. It could be at the pre-grant and post-grant stages before the Controller of Patents. Thereafter before the Appellate Board or in a suit

for infringement the defendant could question the validity of a patent on the grounds set out in Section 64. The patent in the instant case was, therefore, vulnerable to challenge notwithstanding it surviving the challenge at the pre- grant stage. The object behind this was to ensure that known inventions are not granted patents and that the patent is used for the public benefit.

52. It must be clarified that this Court has held already that the Plaintiffs have failed to make out a prima facie case. The above submissions of the plaintiffs are therefore being dealt with assuming, as the learned Single Judge did, that the Plaintiffs have made out a prima facie case. Given the scheme of Patents Act it appears to this Court that it does contemplate multiple challenges to the validity of a patent. Unlike Section 31 of the Trade Marks Act which raises a prima facie presumption of validity, Section 13(4) of the Patents Act 1970 specifically states that the investigations under Section 12 "shall not be deemed in any way to warrant the validity of any patent." Section 48 of the Act also is in the form of a negative right preventing third parties, not having the consent of the patent holder, from making, selling or importing the said product or using the patented process for using or offering for sell the product obtained directly by such process. It is also made subject to the other provisions of the Act. This is very different from the scheme of the Trade Marks Act as contained in Section 28 thereof. Section 3(d) itself raises several barriers to the grant of a patent particularly in the context of pharmaceutical products. It proceeds on the footing inventions are essentially for public benefit and that non-inventions should not pass off as inventions. The purpose of the legal regime in the area is to ensure that the inventions should benefit the public at large. The mere registration of the patent does not guarantee its resistance to subsequent challenges. The challenge can be in the form of a counter claim in a suit on the grounds set out in Section 64. Under Sections 92 and 92 A the Central Government can step at any time by invoking the provision for compulsory licencing by way of notification. Therefore, the fact that there is a mechanism to control the monopoly of a patent holder (Section 84 and Section 92) and to control prices (by means of the drug price control order) will not protect an invalid grant of patent.

53. The plea of the plaintiff that since there is a multi-layered, multi-level examination of the opposition to the grant of patent it should accorded the highest weightage, is not entirely correct. The contention that there is a heavy burden on the defendant to discharge since it has to establish that it has a stronger prima facie case of the plaintiff is contra indicated of the decisions in the context of Section 13(4). Reference may be made to the decisions in *Biswanath Prasad Radhey Shyam v. M/s Hindustan Metal Industries*, AIR 1982 SC 1444, *Standipack Pvt. Ltd. v. Oswal Trading Co. Ltd.*, AIR 2000 Del 23, *Bilcare Ltd. v. Amartara Pvt. Ltd.*, 2007 (34) PTC 419(Del), *Surendra Lal*, FAO (O.S.) No. 188/2008 Page 35 of 57 *Mahendra v. Jain Glazers*, (1979) 11 SCC 511. In *BeechamGroup Ltd. v. Bristol Laboratories Pty Ltd.*, (1967-68) 118 CLR 618 and *Australian Broadcasting Corporation v. O'Neill*, (2006)229 ALR 457 it was held that the defendant alleging invalidity bears the onus of establishing that there is "a serious question" to be tried on that issue. In *Hexal Australai Pty Ltd. v. Roche Therapeutics Inc.*, 66 IPR 325 it was held that where the validity of a patent is raised in interlocutory proceedings, "the onus lies on the party asserting invalidity to show that want of validity is a triable question." In *Abbot*

Laboratories v. Andrx Pharmaceuticals Inc. (decision dated 22nd June 2006 of the U.S. Court of Appeals for the Federal Circuit 05-1433) the Court of Appeals followed its earlier ruling in ***Helifix Ltd. v. Blok-Lok Ltd.*** 208 F.3d 1339 where it was held (at 1359): "In resisting a preliminary injunction, however, one need not make out a case of actual invalidity. Vulnerability is the issue at the preliminary injunction stage, while validity is the issue at trial. The showing of a substantial question as to invalidity thus requires less proof than the clear and convincing showing necessary to establish invalidity itself."

54. In the present case, the grant of a patent to the plaintiffs for Erlotinib Hydrochloride as a mixture of Polymorphs A and B will not ipso facto entitle them to an interim injunction if the defendant is able to satisfy the court that there is a serious question to be tried as to the validity of the patent.

55. The question before this Court is when can it be said that the defendant has raised a credible challenge to the validity of a patent held by the plaintiff in an infringement action? During the course of the argument it was suggested by counsel that the challenge had to be both strong and credible. Also, the defendant resisting the grant of injunction by challenging the validity of the patent is at this stage required to show that the patent is "vulnerable" and that the challenge raises a "serious substantial question" and a triable issue. Without indulging in an exercise in semantics, the Court when faced with a prayer for grant of injunction and a corresponding plea of the defendant challenging the validity of the patent itself, must enquire whether the defendant has raised a credible challenge. In other words, that would in the context of pharmaceutical products, invite scrutiny of the order granting patent in the light of Section 3(d) and the grounds set out in Section 64 of the Patents Act 1970. At this stage of course the Court is not expected to examine the challenge in any great detail and arrive at a definite finding on the question of validity. At the present stage of considering the grant of an interim injunction, the defendant has to show that the patent that has been granted is vulnerable to challenge. Consequently, this Court rejects the contentions of the plaintiffs on this issue and affirms the impugned judgment of the learned Single Judge.

56. The next question is whether the defendants have in fact been able to demonstrate that there exist serious triable issues concerning the validity of Patent No.196774 granted to the plaintiffs.

57. The plaintiffs submit that apart from merely challenging the validity of the patent granted in their favour, the defendant had not produced any material to demonstrate that the compound for which the patent was granted was not a novel invention with proved enhanced efficacy over the closest prior art. Since the plaintiffs had demonstrated successfully before the Controller of Patents that their compound was an inventive step over the closest prior art, the burden lay on the defendant to show that the inventive step was obvious to a person having ordinary skill in the art. Contrary to the claim of the defendant, Erlotinib Hydrochloride could not be anticipated with reference to the closest prior art EP"226. Methyl and ethynyl groups are different and the

substitution of ethynyl with methyl in the theta position could not have been anticipated even by a person skilled in the art with reference to the EP'226 patent.

58. On the other hand it is contended by the defendant that Section 3(d) of the Act introduced in 2005 has made dramatic changes to the patent law regime, particularly, in the context of drugs and medicines. Unless the drug or compound is proved to be of enhanced efficacy and is an inventive step, the patent is not granted. Where the compound is a new form of a known substance (evergreening), unless it is shown to demonstrate enhanced efficacy, the mere discovery of a new property or a new use would not entitle the applicant for the grant of a patent. The derivatives of the known substances would also be considered as the same substances unless they differ significantly in properties with regard to the efficacy.

59. It is further submitted by the defendant that a perusal of the order dated 4th July 2007 of the Controller of Patents shows that the Controller confused the concepts of inventive step, anticipation and obviousness. Even as regards the question of efficacy the plaintiffs failed to produce relevant data. The journals referred to in the order of the Controller pertained to results of the research conducted by or sponsored by OSI itself. Such studies could not, therefore, have inspired credibility as regards the proof of enhanced efficacy of the product over the closest prior art. Irrespective of the above submissions, the defendant submits that the product claimed to be a combination of polymorphs A and B was clearly anticipated by the closest prior art, EP'226. It was also anticipated in the earlier patents granted by the EU.

60. The above submissions have been considered. It is not possible to accept the contention of the plaintiffs that the Section 3(d) does not bring any significant change to the Patents Act. Not only has the substantive portion of Section 3(d) indicated a change in 2005 but the Explanation which has been added appears to particularly target pharmaceutical products. It discourages evergreening and prevents such derivative or other forms of the already patented product being granted patent unless the derivatives or other forms "differ significantly in properties in regard to efficacy." The plaintiffs contest the argument that Erlotinib Hydrochloride is a derivative of a known substance EP'226. However, it appears that the closest prior art does teach the compound for which patent has been granted to the plaintiffs. Therefore, unless the enhanced efficacy as mandated by Section 3(d) was demonstrated, patent could not have been granted. The defendant has been able to show that order of the Controller of Patents was arguably deficient on this aspect. The defendant therefore must be taken to have raised a credible challenge to the validity of the patent.

61. Elaborate arguments have been addressed on whether Erlotinib Hydrochloride was only a modified form of Gefitinib. The order of the Patent Controller refers to EP '226 which was relied upon by the defendant to suggest that the molecule structure of the suit patent was similar to those disclosed in the aforementioned patent. In other words, it was contended by the defendant that the substitution of Methyl with Ethynyl would be obvious to a person skilled in the art when the closest prior art is taken to be Gefitinib which was claimed in EP '226. It is sought to be contended by the plaintiffs on the other hand that Erlotinib Hydrochloride was a derivative

of another disclosed compound / structure (Example 51) and not Gefitinib. It is submitted that the defendant should not be permitted by a device of reverse engineering to claim that the substitution of Methyl by Ethynyl was obvious.

62. In *Pfizer v. Apotex*, (U.S.Court of Appeal, 2006-1261), it was held that for the test of obviousness only a reasonable expectation of success and not a guarantee is needed. In *Aventis v. Lupin* (U.S.Court of Appeal, 2006-1530) it was held that "where the prior art gives the reason or motivation to make the claimed compositions, creates a prima facie case of obviousness."

63. According to the defendant with reference to the patent held by the plaintiff for Erlotinib Hydrochloride as a combination of Polymorphs A and B, the closest prior art is a molecule structure disclosed in EP „226 which was the patent granted to Zeneca Limited. The Patent Controller ought to have examined EP „226 when examining the claim of the plaintiff. According to the defendant the closest prior art EP „226 patent disclosed a molecule structure in a Quinazoline derivative with Methyl group at the third position. It is stated that such substitution is obvious to persons skilled in the art and that persons wishing to obtain further compounds having anti-cancer properties would have been easily motivated to substitute methyl with the specifically disclosed ethynyl group. It is stated that methyl and ethynyl are normally used interchangeably in chemical arts because they share common attributes.

64. The plaintiffs on the other hand have elaborately argued on the "teaching, suggestion and the motivation to try" (TSM) test and submitted that the inventive step in the patent granted to it is in providing a compound which shows improved efficacy in its treatment of various cancers. The state of art on the priority date of the patent was Gefitinib. The inventive step in the patent goes beyond the state of art as demonstrated by the published articles in the journals. It was argued that FDA and the Drug Regulator of the concerned European agency directed withdrawal of the alleged prior art Gefitinib. In fact, even AstraZeneca agreed to the same. It also did not object, in any region of the world, to the plaintiff being granted patent for Erlotinib Hydrochloride. It is urged that the obvious inference was that Erlotinib Hydrochloride was far better in enhanced efficacy than Gefitinib. It is therefore urged that a person of ordinary skill in the art would find no motivation at all to replace the methyl group at position 3 by an ethynyl group. It is further argued that even if a person of ordinary skill attempted to modify Example 51 of EP „226, the motivation would be to modify 6 or 7 positions not the third position. Even if such person was motivated to change the substitution in the third position the choice would be a halogen such a chlorine and fluorine and not ethynyl.

65. In the view of this Court, a bare perusal of the order of the Patent Controller would indicate that neither of the above arguments has been considered, and in any event not in the detailed manner in which they have been advanced before this Court. It is perfectly possible that the Controller had no occasion to consider such argument as it was not raised before him. That is perhaps the very purpose of the legislature permitting a challenge by a defendant to the validity of a patent in answer to an infringement suit, even if such defendant had not earlier raised an opposition either at pre-grant or the post-grant stages. Therefore, a patent which survives the pre-

grant and post- grant challenges can still be made vulnerable on grounds different from the ones raised at those stages. The fact that the challenge is on grounds not urged at those stages, would lend credibility to the challenge. If the challenge is on the same grounds considered and rejected by the Controller of Patents, then of course, the burden on the defendant to demonstrate credibility of the challenge would be considerably higher degree.

66. There are other factors pointed out by the defendant to render the patent vulnerable to challenge. It is submitted that the Controller of Patents has confused the tests of inventiveness with obviousness. For instance, it is observed by the Controller that "sometimes the modification in the prior art technologies which appear to be minor may bring great revolutions in the world which could never be predicted by the society of intellectuals" This, it is pointed out, is really about "anticipation" and not "obviousness". It was not enough for the plaintiffs to show that the defendant was unable to "anticipate" the product in question by starting from the closest prior art EP"226. The plaintiffs had still to show that it would not have been obvious to the person having ordinary skill in the art. Reliance is placed on the decisions in *Shire Biochem v. Ministry of Health*, 2008 FC 538 to underscore the difference between novelty and obviousness. The difference between anticipation and obviousness is brought out in the decisions *Synthon BV v. Smith Kline Beecham*, [2005] UK HL 59 and *KSR International Company v. Teleflex*, 550 US 1 (2007).

67. The decision in *KSR International* makes a conscious departure from the rigidity in the application of the TSM test applied to determine if the invention in question is patentable. It was observed therein (550 US 1 at 15): "The obviousness analysis cannot be confined to a formalistic conception of the words teaching, suggestion and motivation or by overemphasis on the importance of published articles and the explicit content of issued patents..... granting patent protection to advances that would occur in the ordinary course, without real innovation retards progress and may, in the case of patents combining previously known elements, deprive prior inventions of their value or utility."

68. The criticism by the defendant of the order of the Controller of Patents is, in the view of this Court, not without merit. The Controller failed to appreciate that the patent was claimed specifically on Example 20 and therefore stood on a footing different from that granted to the plaintiffs in other countries. The point about the credibility of the articles published in the journals being the product of researched sponsored by Plaintiff No.2 OSI was not even noticed by the Controller of Patents. The entire discussion on the aspect of enhanced efficacy in the order of the Controller is limited to a mention of these articles. Also, in the order dated 4th July 2007 of the Controller of Patents there is an incomplete sentence when there is a reference to the decided cases. The anomaly of the pre-grant opposition being disposed of only on 4th July 2007 whereas the patent certificate is of 23rd February 2007 remains unexplained. If it was indeed a pre-grant opposition that was being rejected, it is conceivable that the certificate would pre-date it.

69. Elaborate arguments were addressed on the question of balance of convenience on the ground that the judgment of the House of Lords in *American Cyanamid* requires such factor to be

considered once it is shown that the damages would not provide an adequate remedy to the plaintiff in the event of it succeeding at the trial. In the considered view of this Court, this aspect need not be examined in the present case for more than one reason. First, the plaintiffs have, for the reasons discussed earlier, failed to make out a prima facie case in their favour. Even if it is assumed that they have, in view of the fact that the defendant has raised a credible challenge that renders the patent's validity vulnerable, the question of balance of convenience does not arise because clearly the Court will not, at the interlocutory stage without the case going to trial, come to the aid of a holder of a patent of doubtful validity seeking to enforce such patent.

70. One submission of Dr. Singhvi that needs to be dealt with at this stage is whether the statements made by an applicant for a patent in the applications made by such applicant in other countries would be permitted to be looked into by the Controller of Patents while examining such application. Reference was made to the decision in *T.I. Group Automotive System v. V.D. North America*, 375 F 3d 1126 and the decision dated 2nd August 2006 of the Court of Appeals in *Pfizer v. Ranbaxy*, (06-1179). This Court is unable to accept the above submission. A perusal of the definition of "new invention" in Section 2(1) (1) indicates that the invention or technicality for which a patent is sought should not have been anticipated "by publication in any document or used in the country or elsewhere in the world before the date of filing of a patent application with complete subscriptions, i.e., the subject matter is not filed in public domain so that it does not form part of the state of the art". The phrase "public domain" and "state of the art" have therefore to admit of a wide scope given the legislative intent in introducing the above definition by the Amendment Act, 2005. It appears that this was introduced in acknowledgement of the fact that a claim by an applicant for a patent anywhere in the world and the statements made therein would be relevant for the authority in India determining whether the invention claimed is indeed a new invention. With the easy availability of information on the internet, it is possible for the patents authorities in this country to ascertain what in fact is the closest prior art and which is a known substance. A statement made by the applicant while prosecuting a patent application in any country would certainly be a relevant material to be considered. The decisions cited by learned counsel are not relevant in this context as the law in this country is governed by the Patents Act 1970 which requires the applicant to make a full disclosure as noticed hereinbefore.

72. That brings us to the last submission of the plaintiffs which is that the learned Single Judge had applied principles not known to law in refusing injunction. The issues of public interest and pricing were not germane or relevant in the context of patent law. Public interest on the other hand required protecting a validly granted patent. The question of availability of the drug at affordable price was provided for in the Patents Act, 1970 by way of provisions for compulsory licencing. Since the legislative intent was to grant a monopoly to the patent holder for at least the first three years after the grant of patent to enable it to recover the enormous costs incurred in research and development of the product, the court should not override such legislative intent on the basis of untested principles. The argument of the plaintiff is that if the rights of a patentee are not respected then it would be contrary to the public interest of encouraging further research. Further it would discourage the requirement of disclosure which inheres in patent regime thereby

creating a situation where opportunity of further innovation based on fundamental research on an existing patent product/process would be lost or unduly deferred.

73. An attack was also mounted on the impugned order of the learned single Judge for linking up the issue of pricing with public interest. It is submitted since the Act provides for grant of compulsory licence in the event of the patented product not being made available at the reasonable price, it was not for the Court to apply such principles at an anterior interlocutory stage. The legislature has for good reasons granted a statutory monopoly to a patent, although for a limited period. The grant of such limited monopoly must therefore also be taken to be in the public interest. It is submitted that the patentee has the right to exploit the benefits of its research in which it has invested considerable sums. By contrast, a generic drug manufacturer has little or no research and development costs. Therefore, as a rule the copier would always price its products lower than the inventor.

74. The plaintiffs contend that the provisions of the Essential Commodities Act, 1953 (ECA) will apply to pharmaceutical drugs as well. It is submitted that the Central Government can also take recourse to the device of a Drug Price Control Order (DPCO) framed under Section 3 ECA to fix the market sale price in respect of bulk drugs both for scheduled as well as non-scheduled formulations. It is accordingly submitted that the judgment of the US Supreme Court in *E Bay v. MerExchange*, [547 US 338(2006)] has to be understood in the context of there being no provision under the American law either for granting any right to the Government to control the prices in the manner indicated, or a power under Section 47 of the Patents Act, 1970 to grant patents subject to conditions including use of the process by the government or even a pre-grant opposition akin to Section 25(1) of the Act. It is submitted that public interest in low cost general drugs has to be balanced by the public interest in protection of patent rights and that the need to encourage scientific research in discovering the drug outweighs the public interest in obtaining a low-cost generic drug. Reliance is placed on the judgment of the District Court of the US in *Eisai Co. v. Teva Pharmaceuticals* [dated 28.3.2008/Civ. No.05- 5727 (HAA) (ES)], *Payless Shoesource Inc. v. Reebok International Ltd.*, (998 F.2d 985) and *Sanofi - Synthelabo v. Apotex*, (470 F.3d 1368).

75. The defendant on the other hand counters this submission by submitting that pricing would indeed be a relevant considerations in determining whether the grant of an injunction would adversely affect the easy availability of a lifesaving drug. Reliance is placed on the decisions in *Novartis AG v. Mehar Pharma*, 2005 (30) PTC 160(Bom.), *Franz Xaver Huemer v. New Yash Engineers*, AIR 1997 Del 79 and *Russel Uclaf v. G.D.Searle*, (1977) Fleet Street Patent Law Reports 125.

76. This court is unable to accept the submissions of the plaintiffs on this aspect. The amendment to the Patent Act 1970 in 2005 introduced Section 83(e) which states that among the general principles applicable to the working of patented inventions regard shall be had "that patents granted do not in any way prohibit Central Government in taking measures to promote public health" and under Section 83 (g) "that patents are granted to make the benefit of the

patented invention available at reasonably affordable prices to the public." Under Section 84 among the grounds on which a person can seek a compulsory licence on a patent is that "the patented invention is not available to the public at reasonably affordable price." The element of public interest is therefore not alien to the scheme of the Patents Act 1970.

79. In *Roussel Uclaf* the plaintiffs were a company which held a licence under a patent which gave them exclusive rights to sell in the United Kingdom two drugs, an amide base and a phosphate salt, both giving rise to the same active ingredient in the body. The first defendants began to sell the phosphatic salt in July 1976 and the plaintiffs sought, inter alia, an interlocutory injunction to restrain the sale. The plaintiff's sale of the amide base represented 2.2 per cent of their total U.K. sales. They did not market the phosphate salt though they had plans to do so. In certain cases of heart disease, the drugs could be life-saving and on other drugs were directly comparable. The High Court while refusing injunction dwelt on the aspect of the drug being a lifesaving one. It was noticed that there was no other drug available which was comparable with the drug in question and had the same effect. It was held this aspect and the fact that patients suffering from heart disease may easily be suspicious of a new drug and be adversely affected by having to change from one drug to another had to be "taken into account when considering the balance of convenience and whether in all the circumstances the discretion of the court should be exercised to grant an injunction." On the aspect of availability of a lifesaving drug it was held:

"Finally, therefore, I come to the interesting and, I think novel point as to whether this court ought ever and, in particular, in this case to exercise its discretion to grant an injunction the effect of which will be, temporarily at any rate, to deprive members of the public of the benefit of a 'life-saving drug which may be prescribed' for otherwise fatal heart diseases. In fairness to Mr. Aldous and the plaintiffs, I should say that it was made clear that if the proper conclusion was that this drug in question was unique, they would not feel it right to contend that an injunction should be granted in such a case.

80. Turning to the case on hand, there is no doubt that the product in question is a drug for cancer treatment at the terminal stages. It is the second line treatment after the first line of treatment by way of chemotherapy had proved unsuccessful. It is expected to be directed of a particular form of non-small cell lung cancer. This drug is not readily available in India. The plaintiffs do not yet manufacture it in India. They import and sell the drug. Even if the price per tablet is taken to be Rs.3200 as claimed by the plaintiffs it is a drug which is expensive. It is clearly beyond the reach of many patients suffering from this dreaded form of cancer.

81. This Court is inclined to concur with the learned single Judge that in a country like India where question of general public access to life saving drugs assumes great significance, the adverse impact on such access which the grant of injunction in a case like the instant one is likely to have, would have to be accounted for. *Erlcip* is the Indian equivalent produced by the defendant in India as a generic drug manufacturer. It is priced at Rs.1600 per tablet. Even if this does not make it inexpensive, the question of greater availability of such drug in the market assumes significance.

82. In the considered view of this Court, while it may be possible to distinguish the judgment of the US Supreme Court in *E Bay* as relating to a case of permanent and not temporary injunction, the traditional four factor test identified in the said judgment does assume relevance even at the stage of grant of an interim injunction. Given the nature of the drug, in the instant case, which admittedly is a lifesaving one, the fourth test identified in *E Bay* that the grant of an injunction should not result in the public interest being "disserved" would be relevant.

83. The judgments relied upon by the plaintiffs underscore the approach of determining these questions on a case by case basis. Whether indeed the public interest in the availability of the drug to the public at large is outweighed by the need to encourage research in the invention, would obviously differ from case to case and depend on a host of factors. This Court finds no ground to differ with the reasoning or the conclusions arrived at by the learned Single Judge on this aspect after an analysis of all the relevant factors.

84. Even while considering this aspect, the Court is conscious that the defendant has been able to demonstrate prima facie that the plaintiffs do not hold a patent yet for the drug Tarceva, which is the Polymorph B form of the substance for which they hold a patent. Secondly, the defendant has raised a credible challenge to the validity of the patent held by the plaintiffs. In such circumstances, the public interest in greater public access to a lifesaving drug will have to outweigh the public interest in granting an injunction to the patent holder.

85. To summarise our conclusions:

(i) The failure by the plaintiffs to bring the facts concerning the filing of the subsequent applications for grant of a patent in respect of the Polymorph B form of the compound to the notice of the Controller of Patents at the time of consideration of their application for patent for the compound of a combination of Polymorphs A and B was not consistent with the requirement of a full disclosure.

(ii) The change in the stand of the plaintiffs that the earlier patent U.S. 4,988,498 (in respect of a mixture of Polymorphs A and B) did not disclose Polymorph B free of Polymorph A by stating that it covered all known and unknown forms of the compound, would admittedly have a direct impact on the question of patentability of either a compound of Polymorphs A and B or of Polymorph B free of Polymorph A. This made the full disclosure by the plaintiffs of all the facts pertaining not only to the "umbrella" compound but the crystal or other forms of the product to the Controller of Patents imperative. Such disclosure would have impacted the decision on the patentability of compound of Polymorphs A and B. When the defendant therefore questioned the validity of Patent No.196774 on the above ground, it did raise a more than credible challenge.

(iii) In an application seeking ad interim injunction in a suit for infringement of patent, it would be incumbent on the plaintiffs to make a full disclosure of the complete specification of the product whose patent is claimed to have been infringed. The plaintiffs will also have to disclose to Court the x-ray diffraction data of the product, particularly if it is a pharmaceutical drug. The plaintiffs have to make an unequivocal disclosure that the patent they hold covers the drug in question; whether there are any other pending applications seeking the grant of patent in respect

of any derivatives or forms of the product for which they already hold a patent and the effect of such applications on the suit patent.

(iv) The failure by the plaintiffs to disclose the complete specification of the product and the facts concerning the pending applications for Polymorph B led to the learned Single Judge not having the occasion to consider if in fact the suit patent covered Tarceva. Had these facts fully in the plaint and the entire specification of the patent held by the plaintiff together with X-ray diffraction data of Tarceva and Erlocip filed along with the plaint, it is possible that the plaintiff may have had difficulty in showing that the patent held by it (No.196774) covered Tarceva as well.

(v) To the extent that the defendant has raised a serious doubt whether the plaintiffs in fact hold a patent for the product sold in the tablet form as Tarceva, the plaintiffs must be held not to have been able to cross the first hurdle of showing that they have a prima facie case in their favour for grant of an order restraining the defendant from marketing Erlocip. The plaintiffs therefore ought to have been refused injunction for their failure to make out a prima facie case.

(vi) Notwithstanding the above, assuming that the plaintiffs held a patent for the product which was the subject matter of the suit for infringement, the grant of such patent to the plaintiffs will not ipso facto entitle them to an interim injunction if the defendant is able to satisfy the court that there is a serious question to be tried as to the validity of the patent. In the present case, the defendant has raised a credible challenge to the validity of the patent by raising a serious triable and substantial question that renders it vulnerable to challenge.

(vii) The question of general public access in our country to life saving drugs assumes great significance and the adverse impact on such access which the grant of injunction in a case like the instant one is likely to have, would have to be accounted for. This Court finds no ground to differ with the reasoning or the conclusions arrived at by the learned Single Judge on this aspect.

(viii) The defendant has been able to demonstrate prima facie that the plaintiffs do not hold a patent yet for the drug Tarceva, which is the Polymorph B form of the substance for which they hold a patent. Secondly, the defendant has raised a credible challenge to the validity of the patent held by the plaintiffs. In such circumstances, the public interest in greater public access to a lifesaving drug will have to outweigh the public interest in granting an injunction to the plaintiffs.

86. For all the aforementioned reasons this Court does not find merit in any of the submissions made on behalf of the appellant. It is however made clear that this order will not influence the decision of the learned Single judge in the pending application IA No.1402 of 2008 and the counter-claim of the defendant in the aforementioned suit.

87. The appeal is dismissed with costs quantified at Rs.5 lakhs which will be paid by the appellants/plaintiffs to the defendant within a period of four weeks. The interim order stands vacated. The applications are disposed of accordingly.

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AIR 2019 SC 559, (2019) 3 SCC 381

CORAM:

ROHINTON FALI NARIMAN, J. AND NAVIN SINHA, J.

2. The appellants/plaintiffs instituted Civil Suit (Comm) seeking permanent injunction against the defendants from using the trademark “BOLGARD” and “BOLGARD II” brand cotton technology, violating the registered patent no. 214436 of the plaintiffs, and also to further restrain the defendants from selling and or using seeds/hybrid seeds bearing the patented technology, infringing the registered patent of the plaintiffs, along with rendition of accounts. The parties shall, for convenience, be referred to by their position in the original suit.

3. The plaintiffs pursuant to their patent rights had entered into a sub-licence agreement dated 21.02.2004 with the defendants for an initial period of ten years. The agreement entitled the defendants to develop “Genetically Modified Hybrid Cotton Planting Seeds” with help of the plaintiffs’ technology and to commercially exploit the same subject to the limitations prescribed in the agreement. The agreement also provided for payment of licence fee/trait value by the defendants, for use of the plaintiffs’ patented technology. The agreement after extension was ultimately terminated by the plaintiffs on 14.11.2015 due to disputes regarding payment of licence fee/trait value in view of subsequent price control regime introduced by the State, and to which the defendants required adherence by the plaintiffs. The plaintiffs filed an application for injunction under Order 39, Rule 1 and 2 of the Code of Civil Procedure (hereinafter referred to as ‘the Code’), to restrain the defendants from using their registered trade mark in violation of the registered patent during the pendency of the suit in view of the termination of the agreement.

4. The defendants in their written statement *inter alia* contended that their rights were protected under the Protection of Plant Varieties and Farmers’ Rights Act, 2001 (hereinafter referred to as ‘the PPVFR Act’). The suit patent was bad because claims 1-24 were “process claims” concerning genetic engineering or biotechnology method to insert “Nucleic Acid Sequence” (NAS) into a plant cell as in claim 25-27 practiced in laboratory conditions, unlike the complete biological process adopted by the defendants. The NAS was a chemical composition incapable of reproducing itself and was thus not a micro-organism. Only on insertion into a plant, a living organism, it imparts Bt. trait (insect resistance) to the living organism. The defendants also filed a counter claim no.51 of 2016 seeking revocation of the patent under Section 64 of the Act, as being in violation of Section 3(j) of the Patents Act (hereinafter referred to as “the Act”) in respect of plants and seeds that contained DNA sequences, denying any infringement.

5. The learned Single Judge on 28.03.2017, while deciding the plaintiffs’ application for

injunction, observed that the issues arising in the suit necessarily required formal proof, particularly expert opinion, which in complicated matters like that of patent were crucial for ascertaining the breadth of the monopoly granted by the specifications of a patent claim. Considering the existing patent registered under Section 48 of the Act, it was ordered that during the pendency of the suit, the parties shall remain bound by their respective obligations under the sub-licence agreement and that the license fee/trait value payable by the defendant shall be governed by the laws in force. The learned Single Judge simultaneously only issued notice on the counter claim no.51 of 2016. Prima facie opining that the termination of the sub-licence agreement by the plaintiffs on 14.11.2015 appeared unjustified in view of the statutory price restrictions, the termination was held not to be of any consequence.

6. Aggrieved, both the Plaintiffs and the defendants preferred appeals. The Division Bench dismissed the plaintiffs' appeal upholding the defendants' contention with respect to patent exclusion under Section 3(j) of the Act and that the plaintiffs were at liberty to claim registration under the PPVFR Act, as the two Acts were not complementary, but exclusive in the case of all processes and products falling under Section 3(j) of the Act. Consequentially, the defendants' counter claim succeeded. The suit was, however, permitted to continue with regard to the claim for damages and other reliefs. The plaintiffs were required to continue with their obligations under the sub-licence agreement including payment of license fee/trait value by the defendants in accordance with law.

8. Dr. Abhishek Manu Singhvi contended that the plaintiffs' suit was for injunction restraining infringement of an existing and valid patent. The lack of patentability was never an issue in the suit. The defendants argued lack of patentability to invalidate the primary issue relating to infringement only. The counter claim for revocation of the patent as unpatentable, was neither argued nor adjudicated by the learned Single Judge. Only notice was issued on the counter claim bearing no.51 of 2016 while counter claim bearing no.50 of 2016 challenging the termination of sub- license agreement was withdrawn. The defendants in their memo of appeal themselves contended that the issue regarding existence of the patent, patent exclusion under Section 3(j) of the Act was a heavily mixed question of law and facts requiring formal proof and expert evidence, to be considered at the hearing of the suit, as rightly observed by the Single Judge. The plaintiff's claims were under 25-27 only. The process claims 1-24 was never an issue in consideration before the Single Judge and yet the Division Bench delved into the same and held the process claims to be bad also.

9. The patent comprises of a DNA construct or nucleotide sequence in claim 25-27 comprising of three different components, i.e. (i) a promoter (ii) a man-made gene for the production of Cry2Ab 5-endotoxin and, (iii) a third component for the production of a transit peptide 6. The DNA construct so created did not exist in nature and upon insertion into a plant confers insect tolerant trait. A plant is next produced as a "fusion protein" which comprises the Cry2Ab S-endotoxin 7

bonded with the transit peptide. The subject patent claims use of *bacillus thuringiensis strain* and the development of two genes designated Cry2Aa and Cry2Ab. Each gene sequence is known for its ability to synthesize proteins with pesticidal properties. The NAS is not a living organism but a chemical created in a laboratory. The “event” which is the positioning of the NAS at a unique location in the genome of a plant cell is a separate, subsequent and entirely different invention for which the plaintiffs have obtained a different patent no. 232681 and which is not the subject matter of the present suit. In this case, the invention is the NAS and the target of the invention is its use in a plant cell. The property of the NAS is what makes the plant produce and localize the toxin protein in a specific location in the plant cell so as to make the toxin protein present throughout the plant, in pesticidal effective levels and still produce agronomically stable plants.

10. Shri Vishwanathan and Shri Datar for the defendant have adopted directly and mutually contradictory stands by contending that claims 25-27 are product claims, namely parts of a plant, and subsequently that the said claims are essentially biological process claims.

11. Shri Kapil Sibal contended that a chemical/gene/DNA construct is not a plant variety, and is not eligible for protection under the PPVFR Act. A gene cannot be a plant variety and it would be denied such registration on account of lack of fulfillment of the conditions precedent in Section 2(z) read with Sections 14 and 15. A gene cannot be a “plant grouping”, “within a single botanical taxon of the lowest rank”, which in simple terms means that it cannot belong to the lowest rank of a plant, namely a species.

12. Sri Neeraj Kaul submitted that the patented NAS is not the creation of any biological process. The correct admixture of the promoter, the man-made gene for the production of Cry2Ab endotoxin and the 3rd component for the production of the transit peptide leading to the DNA construct, is entirely the creation of the human intervention. The Division Bench wrongly holds the invention to be a plant variety.

13. Shri Vishwanathan leading the arguments on behalf of the defendants submitted that no patent rights can be exercised with respect to genetically modified cotton planting seeds being developed by the defendants through conventional breeding methods and sold to the farmers. If the patent rights of the plaintiffs be accepted, then the regime provided under the PPVFR Act for plant intellectual property with respect to genetically modified plants would be entirely defeated. The plaintiffs’ claim was essentially of a “breeder” for developing a variety and therefore its donor seed containing the NAS was registerable under the PPVFR Act and they were entitled to benefit sharing under Section 26 after such registration. No patent could be granted in a plant, or part of a plant, under Section 3(j) of the Act.

14. Shri Datar submitted that the “product” in claim 25-27 for NAS is a chemical is false, because any chemical that is inserted into a plant is not capable of being passed on to the seeds of that

plant and to the future progeny as the chemical will be metabolized by the plant itself and will never be transmitted to its seeds. Further, the NAS, by the wording of claims 25-27 itself, is a plant gene which is meant to be an inherent, intrinsic and integral part of the plant as it exists at the sub cellular level. The cell after transformation with the gene through the biological process of tissue culture results in a transgenic plant that produces seeds having the essential characteristic of these transgenic plants. Therefore, claims 25 to 27 even if it represents merely a “gene” will manifest as an inseparable and inheritable part of a plant and cannot be patented.

15. Shri Jayant Bhushan submitted that the plaintiffs did not bring the NAS in a vial and but imported plants seeds containing NAS. These seeds were not protected by Patent. Indian seed companies were given donor seeds which already had the NAS/Bt. Trait integrated in them and was capable of germination. What the Indian Seed companies do is to cross one of the plaintiffs’ plants with the plants of their proprietary Indian varieties suitable for cultivation in India, to develop a third/new cross-bred cotton variety which would have the Bt. trait from plaintiffs’ variety so as to resist Bollworm and other traits from their own developed varieties. Since the Indian Seed Companies do not use the NAS in isolation nor do they use the method of introducing the NAS into the plant through the method described in the patent, there is no infringement of the patent. NAS is an essentially biological process in which the patented product is neither separately used nor the patented process of insertion into a plant is used, the NAS is not being made or used by the Indian Seed Companies.

16. Shri Divan submitted that that there is no inventive step in the plaintiffs’ patent claim, until the artificial NAS is inserted into a plant so that the plant starts producing the delta endotoxin which is toxic to the Bollworms. There is no capability of industrial application of the NAS except to become part of a plant and to develop a transgenic plant. The threshold requirements of an invention in terms of the patents Act are missing until the implant stage. The inventive qualities begin when the NAS is inserted in a plant cell and not before that stage. Once, the NAS is inserted in a plant cell, the exclusion under Section 3(j) applies and the PPVFR Act becomes operative.

17. Shri Venugopal submitted that a conjoint reading of Section 2(j) and Section 3(c) of the Act makes it clear that it excludes patentability both of transgenic plants (invented through recombinant gene technology in the laboratory) and those invented through conventional breeding techniques even where a new plant, variety or species is initially created through genetic manipulation, to the extent that the subsequent production or propagation of the plant, variety or species is done through “an essentially biological process”, the biological process would not be patentable under Section 3(j) of the Act. Even if patent exclusion under Section 3(j) was not applicable, still the patent claim could never permit plaintiffs to claim the right to prevent farmers from making, using, offering for sale or selling plants or seeds of the cotton plant that contain Bt. gene. Both the Patents Act and PPVFR Act have a link that is to protect the interests of the

farmers so that they are not burdened by exorbitant rates of seeds.

18. Shri Prashant Bhushan, Shri Sanjiv Sen, and Smt. Anandita Mitra on behalf of the interveners submitted that the NAS is not “capable of industrial application” unless it becomes a part of the plant cell where it is expressed by the plant cell through essentially biological processes of transcription, translation, and replication, to produce the desired protein. The Biodiversity Act which prohibits the “use” of any biological resources occurring in India for commercial utilization and which includes genes used for improving crops and livestock through genetic intervention necessitates prior permission from the National Bio Diversity Authority which has not been taken by the plaintiffs. The NAS only adds a trait to a plant leading to development of a transgenic variety creating donor seeds.

19. We have considered the respective submissions made on behalf of the parties. Though very elaborate submissions have been made with regard to facts and the technical processes involved in the patent in question, the provisions of the Act, the PPVFR Act and a large volume of case laws for construction of patents, the obligations under the World Trade Organization (WTO), General Agreement on Tariffs and Trade (GATT), Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement, leading to the Patents Amendment Act, 2002 on 25.06.2002, in view of nature of the order proposed to be passed, we do not consider it necessary to deal with the same at this stage, and leave open all questions of facts and law to be urged for consideration in appropriate proceedings.

20. The patent claims 1-24 are with regard to the processes while claims 25-27 are with regard to the chemical product called NAS. According to the plaintiffs, the latter was a man-made DNA construct that did not exist in nature and did not otherwise form part of a plant existing in nature. The DNA construct was inserted into a plant which confers the trait of insect tolerance to the plant. It comprises of three different components i.e. (i) A promoter, (ii) A gene for the production of Cry2Ab 5-endotoxin and (iii) a third component for the production of a transit peptide. Of these three, Cry2Ab 5- endotoxin is stated to be a man-made gene. This nucleic acid sequence is then inserted into the cell of the plant at a particular location resulting in the production of “a fusion protein” which comprises the Cry2Ab 5-endotoxin 7 bonded with transit peptide. The production of a fusion protein is critical in this respect for the technology to be affected in plants. The *bacillus thuringiensis strain* does not produce such a fusion protein. It is the plaintiffs’ claim that it is only its technology that allows a cotton plant to produce the Cry2Ab 8-endotoxin protected *inter-alia* by claims 25-27 of the patented inventions. The subject patent claims the use of *Bacillus thuringiensis strain* and development of two genes designated Cry2Aa and Cry2Ab. Each gene sequence is known for its ability to synthesize proteins with pesticidal properties.

21. It is the contention of the defendants apart from the unpatentability of the plaintiff’s claim,

they have not violated patented rights, if any, as:

- “a) Nuziveedu sowed seeds of their proprietary cotton varieties alongside the Transgenic Bt. Cotton seed.^[1]_{SEP}
- b) The Transgenic Bt. Cotton seed and the Nuziveedu’s varieties seed yielded different plants, which were cross-pollinated at the flowering stage.
- c) The cotton fruits from the Nuziveedu’s cotton varieties had cotton seeds, which were carrying the proprietary hybrid (“Bt. cotton hybrids”)
- d) Nuziveedu conducted extensive agronomic evaluation trials of newly developed Bt. Cotton Hybrids to ascertain their utility to the farmers.^[1]_{SEP}
- e) Nuziveedu obtained the approval of the GEAC under the Environment (Protection) Act, 1986 for the commercial release of each new Bt. Cotton Hybrid which were considered satisfactory after internal evaluation, and thereafter produced in mass scale and distributed to the farmers.”

22. Manifestly, the counter claim of the defendants was never considered by the learned Single Judge as only notice had been issued on the same. The plaintiffs had preferred an appeal against the nature of the injunctive relief with regard to the issue of license fee/trait value, now conceded by the plaintiffs. We see no reason to reject the submission of Dr. Singhvi that it stands to reason why the plaintiffs would have consented to a summary adjudication of an existing patent and risk losing the same without any merit adjudication. The defendants themselves had contended in their appeal that the issues were complicated requiring expert evidence to be considered in a full-fledged trial. The Division Bench therefore ought to have confined its adjudication to the question whether grant of injunction was justified or unjustified in the facts and circumstances of the case. The Division Bench ought not to have examined the counter claim itself usurping the jurisdiction of the Single Judge to decide unpatentability of the process claims 1-24 also in the summary manner done. Summary adjudication of a technically complex suit requiring expert evidence also, at the stage of injunction in the manner done, was certainly neither desirable or permissible in the law. The suit involved complicated mixed questions of law and facts with regard to patentability and exclusion of patent which could be examined in the suit on basis of evidence.

23. Section 64 of the Act provides for revocation of patent based on a counter claim in a suit. It necessarily presupposes a valid consideration of the claims in the suit and the counter claim in accordance with law and not summary adjudication sans evidence by abstract consideration based on text books only.

25. The Division Bench ought to have confined itself to examination of the validity of the order of injunction granted by the learned Single Judge only. But we are not inclined to remand the matter for that purpose to the Division Bench as we are satisfied in the facts and circumstances of the case that the nature of the injunctive relief granted by the Single Judge was in order and merits no interference during the pendency of the suit.

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26. The order of the Division Bench is set aside. The order of the Single Judge dated 28.03.2017 is restored and the suit is remanded to the learned Single Judge for disposal in accordance with law. In view of the importance of the question involved, we expect the parties to cooperate and facilitate the learned Single Judge in early disposal of the suit.

27. The appeals and the intervention applications stand disposed of.

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