

**Chemtura Corporation Vs. Union of India (Uoi) and ors.**

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**Court :** Delhi

**Decided On :** Aug-28-2009

**Reported in :** 2009(41)PTC260(Del)

**Judge :** S. Muralidhar, J.

**Acts :** [Patents Act, 1970](#) - Sections 3, 8, 8(1), 8(2), 11A(7), 12, 13(4), 25, 47 and 48, 48(1), 48(2), 53, 64, 64(1), 68, 69, 107 and 156; Code of Civil Procedure (CPC) - Sections 80 - Order 39, Rules 1, 2 and 4; Patents Rules, 2003 - Rules 12(1), 12(3), 15 and 25

**Appeal No. :** CS (OS) No. 930 of 2009

**Appellant :** Chemtura Corporation

**Respondent :** Union of India (Uoi) and ors.

**Advocate for Def. :** Ajay Gupta, Sr. Adv., ; S. Majumdar, ; S. Banerjee, ;

**Advocate for Pet/Ap. :** Shanti Bhushan, Sr. Adv.,; Sanjay Kumar,; Arpita,;

**Judgement :**

S. Muralidhar, J.

IA No. 6782/2009(Under Section XXXIX Rules 1 & 2 CPC) &

IA No. 8372/2009 (Under Order XXXIX Rule 4 CPC)

1. IA No. 6782/2009 is an application by the Plaintiff under Order XXXIX Rules 1 and 2 CPC seeking an ad-interim ex parte injunction restraining the Defendant No. 1 from infringing the rights of the Plaintiff under No. 213608 (granted on January 9, 2008 by the Controller of Patents) by accepting the offer for sale of a side bearing pad assembly by the Consortium of which Defendants 2 to 4 are members. It also seeks an injunction to restrain Defendants 2 to 4 from making, manufacturing, using or offering for sale the side bearing pad assembly by infringing the Plaintiff's Patent. By an order dated 27th May 2009 this Court restrained Defendants 2, 3 and 4 and erstwhile Defendant No. 3 till the next date of hearing from infringing the patent rights of the Plaintiff and further restrained them from manufacturing, using or offering for sale any device in infringement of the patent of the Plaintiff. IA No. 8372/2009 was filed thereafter by Defendants 2, 3 and 4 under Order XXXIX Rule 4 CPC seeking the vacation of the said stay order. It may be mentioned that after deletion of erstwhile Defendant No. 3 from the array of parties, in the circumstances noticed hereafter, the erstwhile Defendants 4 and 5 have been renumbered as Defendants 3 and 4. Background

2. The aforementioned suit has been filed seeking permanent injunction in the above terms and also for rendition of accounts by the Defendants and for payment by the Defendants of Rs. 1 crore as liquidated damages to the Plaintiff. The suit also prays for a direction that the entire stock of the impugned product in the custody or possession of the Defendants should be forthwith seized and delivered up to the Plaintiff for

destruction.

3. The Plaintiff is a corporation organised under the laws of the State of Delaware, United States of America (USA.). It claims to be the world leader in hot-cast urethane prepolymers and a leading manufacturer of specialty aqueous urethane dispersions and polyester polybols.

4. The Plaintiff has sought to explain the significance and use of the invention in respect of which a patent has been granted to it as under: axles and wheels of a rail car are mounted on wheel trucks that in turn support a carriage. A two stage suspension system comprising a primary and a secondary stage is generally employed on the wheel trucks. Although in India we call the entire coach as a bogie.. This primary suspension isolates the wheel truck i.e. the bogie from the wheel. The secondary suspension isolates the carriage from the bogie. During movement of the train there is a lateral roll which is sought to be controlled by the secondary suspension systems that are placed between the wagons and the bogie i.e. the axels and wheels of the rail car. This secondary suspension system includes mounts for coupling both the bolster to the bogie and the carriage to the bolster. The bolster is supported on steel helical coil springs called bolter springs. For mounting the carriage on to the bolsters a cleat and a pad arrangement known as side bearer mount is commonly employed. The cleat can be in the form of a metal block or a block holding a wheel or a pad. Generally the pad is made of laminated rubber and steel, and is bolted to the carriage underbody. More recent pad designs employ urethane springs bonded with rubber. It is claimed that these mounting devices physically limit the extent of rail car lateral roll but do little to dampen roll forces.

5. According to the Plaintiff its invention is directed to a side bearing pad assembly for absorbing and cushioning compression forces. The description of the invention is as under:

The assembly comprises a first and second housing, a first and second load bearing member, and biasing means. The first housing has an exterior surface and defines a bore extending at least partway through the first housing. The first housing is coupled to the first load bearing member, thus defining a first abutment surface on the first land bearing member opposite the first housing. The second housing has an exterior surface and also defines a bore extending at least partway therethrough. The second housing also has a bore, of a shape complementary to the exterior surface of the first housing, and is adapted to slidably or telescopically receive the first housing therein. The second housing is coupled to the second load bearing member, thus defining a second abutment surface on the second load bearing member opposite the second housing.

6. The actual description of the entire invention is set out in a far more detailed manner in para 9 of the plaint. According to the Plaintiff it filed the first application for grant of patent for the aforementioned device i.e. the side bearing pad assembly under Application No. 09/407,053 on 27th September 1999 in the USA and was granted under Patent No. 7,083,165 on 1st August 2006. A corresponding patent application for grant of patent of the device was filed in India on 21st June 2001. The said application was a National Phase Application under Patent Co-operation Treaty (PCT) arising out of PCT International Application No. PCT/US00/25339 dated 15th September 2000. The Plaintiff's application was examined by the Patent Office and a First Examination Report was issued on 20th October 2004. According to the Plaintiff it complied with all the requirements stipulated by the Controller of Patents. Thereafter the examination process was undertaken and patent was granted on 9th January 2008 under No. 213608. The copy of the certificate of grant of patent has been placed on record.

7. According to the Plaintiff it has been granted patent in respect of 14 claims which define the scope of its invention. These have been set out in para 16 of the plaint. It is stated that the Plaintiff has thus obtained for a period of 20 years from the date of the filing of the PCT international application, an exclusive right to prevent third parties, who did not have the consent of the Plaintiff, from the act of making, using, offering for sale, selling or importing for those purposes the subject device in India. It is stated that the patent is still subsisting on the Register of Patents and a renewal fee in respect thereof is being paid at the Patent Office annually. It is

stated that the patents for the subject device have been granted to the Plaintiff in three countries worldwide including in India.

8. The Plaintiff states that the application for grant of patent in the subject device was originally filed in the name of Uniroyal Chemical Company Inc. which merged with and into Crompton Manufacturing Company Inc. Subsequently, Crompton Manufacturing Company Inc. changed its name to Chemtura USA Corporation. Thereafter Chemtura USA Corporation merged with and into Chemtura Corporation i.e. the Plaintiff.

9. The Plaintiff states that it has licensed the said device to three companies in Lucknow. These companies are Avadh Rubber Ltd., Aryan Exporters Pvt. Ltd., and Prag Industries. It is stated that these three companies are manufacturing and supplying the subject device to the Union of India i.e. Defendant No. 1 through the Ministry of Railways and its Original Equipment Manufacturers, including freight wagon builders. It is stated that two drawings for commercial use according to the technology covered by the subject device have been approved by Director General, Research Designs & Standards Organisation (RDSO.).

10. According to the Plaintiff by virtue of Section 48 read with Section 53 of the [Patents Act, 1970](#) (Act.) the Plaintiff's Patent Certificate No. 213608 dated 9th January 2008 is valid for a term of 20 years with effect from 15th September 2000, the date on which the PCT International Application was filed. Therefore the Plaintiff has the exclusive right to prevent third parties who do not have the Plaintiff's prior consent, from making, using, offering for sale, selling and/or importing for these purposes the Bearer Pad Assembly for a term of 20 years from 15th September 2000. It is pointed out that inasmuch as the application in relation to the subject patent was published on 19th July 2003 and 20th April 2007, in view of Section 11A(7) of the Act, the Plaintiff was entitled to claim damages on account of infringement of its patent, from the earliest date of publication of the subject application i.e. 19th July 2003.

11. Defendants 2 to 4 and erstwhile Defendant No. 3 under an agreement dated 1st May 2008 formed a Consortium whereby they jointly and severally agreed to develop and market Constant Contact Side Bearer of 23 tonnes axle load Cansub Bogies. The consortium submitted manufacturing drawings for approval to Member Mechanical, Railway Board, without the Plaintiff's consent, for the device which according to the Plaintiff was infringement of the Plaintiff's patent for the subject device. It is submitted that a comparison of the drawing of the Plaintiff which has been approved by the RDSO and the drawing for the same device submitted by the Consortium of the Defendants 2 to 4 and erstwhile Defendant No. 3 for approval to the Member, Mechanical Railway Board would show that the Consortium is infringing the Plaintiff's subject patent. The Plaintiff has placed on record an affidavit dated 11th February 2009 of one Ajaib Singh, Ph.D a Chemist with over 40 years experience in the field of polyurethane technology and its applications. In the said affidavit Ajaib Singh states that he worked for M/s. Uniroyal Chemical Company Inc. (UCCI) from where he retired as Director of Technology. He had been asked to consider if the features of the Claims of the Plaintiff's subject patent were present in the Defendants. product offered for sale to the Ministry of Railways. He concluded that the Defendants. product has all of the features required by at least Claims 1,3, 6 and 14 of the Subject patent and infringes the Subject Patent. It is submitted by the Plaintiff that the drawings submitted by the Consortium infringe at least claim 1 of the subject patent which is the Bearer Pad Assembly comprising a first housing, a first load bearing member, a second housing, a second load bearing member and biasing means including at least one compression spring positioned within the bore of at least the first housing. It is stated that the proposal submitted by the Consortium shows that it had offered for sale a device which infringes the Plaintiff's subject patent.

12. A notice dated 27th October 2008 was issued by the Plaintiff through its attorney to Defendants 2 to 4 and erstwhile Defendant No. 3 asking them to cease infringing the subject patent forthwith. On 3rd November 2008 the Plaintiff's Attorney also issued a notice to the General Manager, Railway Board, Member (Mechanical), Railway Board and the RDSO under Section 80 CPC. On 24th November 2008 the Advocate for the Defendant No. 2 informed the Attorney for the Plaintiff that Defendant No. 2 was ready to comply with the conditions laid down in the notice dated 27th October 2008 but currently that would not be possible as one of

the partners was seriously ill. Accordingly 45 days. time was sought for compliance with the Plaintiff's notice. However this was followed by a letter dated 17th December 2008 written by the Advocate for Defendants 2, 3 and 4 informing the Attorney for the Plaintiff that a revocation application against the subject patent had been filed by the Consortium on 4th December 2008 before the Intellectual Property Appellate Board (IPAB.). Notice was received thereafter by the Plaintiff from the IPAB about the filing of the said revocation application.

13. In the revocation application Defendants 2, 3 and 4 stated that a tender for the procurement of 46,800 pieces of side bearing pad assembly had been initiated by the South East Central Railway, Bilaspur. The tender opened on 9th September 2008. Defendants 2 to 4 with erstwhile Defendant No. 3 participated in the tender and quoted a price of Rs. 2,300/- as compared to the L-1 price of Rs. 3,300/- per piece. According to the Plaintiff the above statement by the Defendants 2, 3 and 4 constitutes an admission on their part that they were infringing the Plaintiff's subject patent. The Plaintiff seeks the transfer of the revocation application pending before the IPAB to this Court. It is submitted by the Plaintiff that after the grant of the subject patent in its favour with effect from 15th September 2000, it has the exclusive right to use, offer for sale and sell the subject device and that if the Defendants 2 to 4 were not restrained from offering for sale the subject device to Defendant No. 1 by infringing the Plaintiff's patent then irreparable damage and harm would be caused to the Plaintiff which cannot be compensated in terms of the money.

14. The suit was listed on 20th May 2009 along with the aforementioned application. Summons in the suit and notice in the application were directed to issue to the Defendants, returnable on 27th May 2009. On that day the Defendants 2 to 4 and erstwhile Defendant No. 3 appeared. A statement was made on behalf of erstwhile Defendant No. 3 that it was no longer a part of the Consortium and is not supplying the infringing goods to Railways or to any other persons. The statement was taken note of and the Directors of the erstwhile Defendant No. 3 were ordered to be bound by it. Erstwhile Defendant No. 3 was deleted from the array of parties. On being asked by the Court to show that the Defendants 2, 3 and 4 have a prima facie good ground for revocation of the Plaintiff's patent, learned Counsel for those Defendants stated that he had to file documents in support of such contention. In the circumstances, the Court restrained Defendants 2, 3 and 4 till the next date of hearing from infringing the patent rights of the Plaintiff and further restrained them from manufacturing, using or offering for sale any device in infringement of the Plaintiff's patent. The Case of the Defendants 2, 4 and 5

15. IA No. 8372/2009 was filed thereafter by Defendants 2, 3 and 4 under Order XXXIX Rule 4 CPC seeking the vacation of the interim stay. It was contended by Defendants 2, 3 and 4 that no cause of action had arisen within the jurisdiction of this Court and that this Court has no territorial jurisdiction to entertain the suit. It was pointed out by Defendants 2, 3 and 4 that the tender which forms the basis of institution of the suit was called for in Bilaspur. None of the Defendants, except Defendant No. 1, was based within the jurisdiction of this Court. Defendant No. 1 Union of India was not a proper party and had been roped in only to justify the territorial jurisdiction of the Court. Defendants 2 and 3 were based in Calcutta, Defendant No. 4 in Dehradun and the Plaintiff in the USA. It is submitted that Patent No. 213608 was granted in the name of M/s. Uniroyal Chemical Company Inc. However the suit has been filed by Chemtura Corporation without explaining the connection inter se between the two entities.

16. On merits it was contended by Defendants 2, 3 and 4 that the grant of a patent does not guarantee the validity thereof. After being aware of the challenge to the validity of the patent before the IPAB, the Plaintiff had chosen to institute the present suit. The Plaintiff had failed to reply to the revocation application before the IPAB and had kept seeking extension of time. Attacking the grant of registration of patent in favour of the Plaintiff, the Defendants point out that their enquiries revealed that an application had been made in the USA on about 27th September 1999 for the invention titled side bearing pad.. The application was made initially in the name of the inventor Richard L. Palinkas and later assigned in favour of UCCI. Thereafter on 15th September 2000, UCCI made an International Application claiming priority of the aforementioned US application and designating several European countries and others countries including India. The

international application was published on 5th April 2001. Based on the International Application, UCCI filed national and regional phase applications in India and Europe respectively. It is stated that the US Patent application underwent examination during which several prior art[s] were cited by the US Patent Authority. The closest prior art cited was US Patent No. 4566678 which disclosed the claimed invention of the Plaintiff almost in all respects barring the feature that the compression spring was in the shape of a torus. Being aware of it, during the prosecution of the said US application the Plaintiff conceded to the position of the torus shape of the compression spring. So it surrendered its broad claims and combined the feature of Claim 7 referring to a specific shape of the compression spring. Thus after limiting its claims UCCI was granted a patent by the US Patent Office on or about 1st August 2006.

17. The European Patent authorities also cited several prior arts when they took up the Plaintiff's application for examination. In order to overcome the cited prior art which according to the European Examining Authority wholly taught the broad invention as originally claimed, the Plaintiff was constrained to amend the claims by characterizing the same to at least one spring element being a compression spring of a solid resilient material formed as a toroidal shape. Therefore the claim was narrowed down and thereafter the European Patent Office granted patent registration in respect of a device having at least one spring being a compression spring comprising a solid resilient material formed as a toroidal ring. According to the Defendants 2, 3 and 4 both in the European and US Patent Offices, the Plaintiff failed to obtain protection of its broad claims and in both jurisdictions the protection has been restricted to compression spring of solid resilient material formed as a toroidal ring. Further in the US even the toroidal shape was further restricted to torus shape.

18. It was pointed out that unaware of the serious objections on the basis of cited prior arts raised by the US and European Patent authorities, the Indian patent authority granted the Plaintiff the patent for the subject device with minimal amendments. Claim No. 2 was merged in Claim No. 1 and the subsequent claims were re-numbered by the Plaintiff. The Defendants point out that the First Examination Report (FER) dated 20th October 2004 of the Controller of Patents in India raised some insignificant objections without even citing a single prior art whereas the US and European authorities had cited several closely similar patents based on which the Plaintiff was compelled to restrict its claims to the toroidal/torus shape of the compression spring. In para 8 of the requirements communicated with the PER the Controller sought information on the details regarding the search and/or examination report including claims of the applications allowed, as referred to in Rule 12(3) of the Patents Rules 2003 (Rules.) in respect of same or substantially same inventions filed in any one of the major patent offices, such as USPTO, EPO and JPO etc., along with appropriate translation where applicable. This had to be furnished within a period of 30 days.

19. In response thereto, the Plaintiff by its letter dated 14th October 2005 did not specifically reply to para 8 of the requirements while maintaining that all the remaining requirements had been complied with. It appears that telephonic discussions took place between the Patent Examiner and the Plaintiff's representative between 15th and 19th October 2005. This resulted in a further letter dated October 19, 2005 by the Plaintiff to the Patent Examiner. In the said letter the Plaintiff's attorneys stated that there has been no further development subsequent to the Form 3 which was filed at the time of filing the application in India. The requirement in this regard may be withdrawn. According to Defendants 2, 3 and 4 this statement was false since between 21st June 2001 when the Form 3 was filed and October 19, 2005 when the aforementioned letter was written, the US Patent Authorities had issued a rejection letter of 26th July 2001 stating that they were not satisfied with the amendments made by the Plaintiff to its claims. By June 12, 2002 the claims were amended at least five times because the Plaintiff failed to overcome the closely similar prior art citations of the US Patent Office. These facts were withheld from the Controller of Patents in India. Likewise the examination details of the applications before the European Patent Office were also not brought to the notice of the Controller of Patents in India.

20. It is then stated that the Defendants' product was different from that of the Plaintiff's since the Defendants were able to offer a warranty for a period of at least 30 months as against the normal life time of

the Plaintiff's product which is about 20/21 months. The Defendants' product was priced far less and would result in a saving of 80% of the production cost for Defendant No. 1. The Defendants have further cited the Indian Railways Standard Condition Clause 1701 in terms of which the Ministry of Railways were not concerned with the patent rights of any party. The said clause required the Contractor to indemnify the Railways against all claims which may be made in respect of the suits for infringement of any right protected by patent, registration of designs or trade mark. In terms of Clause 1702, the Contractor was also not to be liable for payment of any royalty, fee or other expenses for use of any patent and for this purpose was to be treated as an agent of the Government.

21. The specific case of Defendants 2, 3 and 4 is that the Plaintiff (a) obtained the patent on a false suggestion or representation and (b) failed to disclose to the Controller of Patents the information in terms of Section 8 of the Act. It is submitted that the patent was obtained on a false suggestion that there was no further development in regard to the applications filed in US and Europe. It is further pointed out that the Plaintiff wholly suppressed its own US Patent No. 3932005 which clearly teaches the use of the toroidal shape of the elastomeric member. Therefore the patent was liable to be revoked on the grounds mentioned in Section 64(1) (j) and (m) of the Act.

22. On merits it is submitted that the invention for which the Plaintiff has been granted a patent does not involve any inventive step having regard to what was publicly known or publicly used in India or what was published in India or elsewhere before the priority date of the claim. Further the complete specification does not sufficiently and fairly describe the invention and the method by which it is to be performed and that the description of the method or the instructions for the working of the invention as contained in the complete specification are not by themselves sufficient to enable a person in India possessing average skill in, and average knowledge of, the art to which the invention relates, to work the invention. Section 3(d) of the Act is invoked to contend that the use of the toroidal shape of the compression spring is known from the Plaintiff's US Patent No. 3932005 published on 13th January 1976. Therefore the use of the toroidal shape of the compression spring is merely a new use of a known knowledge and not patentable as such. Submissions of counsel

23. Mr. Shanti Bhushan, learned Senior counsel appearing on behalf of the Plaintiff submits that a validly granted patent unless set aside will have to be given full effect to and enforced as such. He submits that although under Section 13(4) of the Act the grant of a patent does not guarantee its validity, as far as the present case is concerned since a detailed examination of the Plaintiff's application has been undertaken by the Controller of Patents in terms of Section 12 and there was no pre-grant or post-grant opposition in terms of Section 25, the validity of the patent must be presumed as of date. He referred to Section 48 of the Act which gives a right to the patent holder to prevent third parties from offering for sale, without the prior consent of the patentee, a device based on the drawings/designs of the Plaintiff in respect of which it holds the patent. It is submitted that the mere pendency of an application for revocation before the IPAB cannot dilute the right of the patentee. Even the IPAB did not have the power to grant a stay. Reliance is placed on the decisions in *K. Ramu v. Adyar Ananda Bhavan and Muthulakshmi Bhavan* : 2007 (34) PTC 689 (Mad), *Mariappan v. A.R. Safiullah* 2008 (38) PTC 341 and *Telemecanique & Controls (I) Ltd. v. Schneider Electric Industries SA* : 94 (2001) DLT 865 in support of this proposition.

24. It is pointed out by Mr. Shanti Bhushan that in terms of the requirement under Section 8 of the Act read with Rules and the corresponding Form 4 in force on the date of making the patent application, the Plaintiff had only to furnish information about the filing of patent applications elsewhere. Those details were in fact furnished. With reference to the requirement of furnishing the information as asked for by the Controller in Clause 8 of the letter dated 20th October 2004, it is submitted that only where a claim has been accepted and patent granted, there would be a need for the Plaintiff to furnish to the Controller of Patents, the search and examination reports of the corresponding authorities of the countries where the patent was granted. However, as on that date i.e. 15th October 2005 no grant of patent had been made by either the US Patent Office or the European Patent Office. Therefore there was full compliance with the requirement of Clause 8. It

is stated that there was no false information given or suppression of relevant information by the Plaintiff.

25. It is further pointed out by Mr. Shanti Bhushan that the search report available at that point of time was the international search report which was in fact furnished to the Controller of Patents. The word status. in Form 3 only required the Plaintiff to indicate whether the application for patent in a country outside India was pending, allowed or dismissed. If every stage of the application in a country outside India has to be disclosed to the Controller of Patents, it would make his task impossible and cumbersome. Referring to a Wikipedia printout on the PCT, Mr. Shanti Bhushan states that the filing of the PCT application is to be construed as furnishing the details relating to filing of application in each designated State. Without prejudice to the above contentions Mr. Shanti Bhushan submits that not every suppression of fact or false statement would vitiate the grant of patent. What would have to be seen is whether the suppression of fact had the potential of affecting the grant of patent. In support of this submission, he refers to the Halsbury's Laws of England (Vol.35 page 564) and the decision in Valensi British Radio Corpn 1973 RPC 337.

26. On behalf of the Defendants Mr. Ajay Kumar Gupta, learned Senior counsel and Mr. S. Majumdar, learned Counsel addressed arguments. Mr. Gupta first pointed out that he was restricting his submissions to the grounds specified in Section 64(1) (j) and (m) in order to press home the point that the patent granted in favour of the Plaintiff is revocable. He submitted that the mere grant of a patent did not guarantee its validity and that a challenge to its validity could be raised in defence to a suit for infringement. Mr. Gupta relied upon the decisions in Bajaj Auto Ltd. v. TVS Motor Company Ltd. : 2008(36) PTC 417 (Mad.), J. Mitra v. Kesar Medicaments : 2008 (36) PTC 568 (Del.), B. Braun Melsungen v. Rishi Baid 2009 (40) PTC 193 (Del.) and F. Hoffmann-LA Roche Ltd. v. Cipla Ltd. 2009 (40) PTC 125 (Del.).

27. It is then submitted that the patent itself had not been worked by the Plaintiff and the three approved manufacturers of the Plaintiff who were claimed to be its licencees. The fact that they were licencees was also contested since the licence would have to be in writing and be registered in terms of Sections 68 and 69 of the Act. No such document was placed on record by the Plaintiff. If the patent had not been worked by the Plaintiff no injunction could be granted in its favour.

28. Mr. Gupta pointed out that in the tender process, 14 parties participated. Each of them offered the subject device for sale to the Ministry of Railways. Yet, only Defendants 2, 3 and 4 have been impleaded in the instant proceedings. The Plaintiff was awarded 95% of the quantity for which the tender was floated. Only the developmental order to the extent of 5% of the total quantity purchased, was awarded to Defendants 2, 3 and 4. Secondly, the drawings on the basis of which the device had to be manufactured and supplied were made available by the Railways to all the tenderers. Referring to Section 47 of the Act it is submitted that it is open to the Government to insist on adherence to certain specifications and that in such event Section 48 would not come into play. In fact, Section 48 has been specifically made subject to Section 47 of the Act.

29. Mr. Majumdar, learned Counsel for the Defendants 2, 3 and 4 supplemented the submissions of Mr. Gupta. He pointed out that as far as Section 8(1)(a) of the Act is concerned, there was a breach thereof committed by the Plaintiff in not setting out the detailed particulars in the application and by suppressing the material facts. As regards the undertaking in terms of Section 8(1)(b) of the Act the Controller was required to be kept informed in writing from to time of the development in the applications filed elsewhere. This was not done. Section 8(2) of the Act was also not complied with since the Plaintiff did not furnish to the Controller of Patents, when asked by him, the details relating to the developments in the application filed for grant of a patent elsewhere. The furnishing of the international search report at the time of filing the national phase application was not in compliance with the requirement of furnishing information on the search and examination reports as envisaged by Section 8(2) of the Act.

30. It was further submitted that among the grounds for revocation of the patent spelt out in Section 64 of the Act, one under Section 64(1)(h) was that of sufficiency. In other words if the complete specification provided for the patent by the Plaintiff did not sufficiently mention the method by which it was to be

performed, the patent would be liable to be revoked. Submissions were also advanced on the lack of an inventive step and obviousness which did not justify the grant of a patent for the subject device. It is submitted that the Plaintiff's own US Patent No. 3932005 (dated 13th January 1976) makes reference to the toroidal shape of the compression member which is the leading and essential feature of that patent so as to provide dampening of the compression forces and internal strains generated due to the motion of rail cars. It was clear that the toroidal contact surface of the compression spring was known according to the Plaintiff's own Patent No. 3932005 and therefore the present device could not be a technical advancement amounting to an inventive step. At best the use of the toroidal shape of the compression spring was a new use of a known substance and therefore not patentable in terms of Section 3(d) of the Act.

31. In reply, Mr. Shanti Bhushan submits that although Section 48 has been made subject to Section 47, it has to be read with Section 156 and the requirements of that provision cannot be dispensed with. He relies upon the decision in *Garware Wall Ropes Ltd. v. A.I. Chopra* 2009 (111) Bom LR 479. He submits however that had the Railways directly placed an order with the Plaintiff, then perhaps Section 47 would have prevented the Plaintiff from alleging infringement of its patent. Scope of the present proceedings

32. The issue that arises for consideration is whether the Plaintiff has made out a case for grant of an injunction and in other words, whether the interim injunction granted by this Court by its order dated 27th May 2009 should continue to operate during the pendency of the suit?

33. The case of the Plaintiff is that since till date there has been no order revoking the patent, it should be treated as valid and therefore injunction not refused. On the other hand the Defendants rely on Section 64 read with Section 107 of the Act to contend that the challenge to the validity of the patent can be raised as a defence to a suit for infringement. The mere fact that Section 48 of the Act has been amended in 2002, does not grant any higher protection to the patent. Once the defendant is able to raise a credible challenge to the validity of the patent then injunction must be refused.

34. In *F. Hoffmann- LA Roche Limited v. Cipla Limited* the Division Bench of this Court was considering an appeal filed by Roche, the Plaintiff there, against the refusal of injunction by the learned Single Judge. It was the case of Roche that it held a valid patent for the drug Tarceva the generic form of which was being manufactured and sold by the Defendant Cipla. It was urged by Roche that the holder of a patent was entitled prima facie to the grant of an injunction since such patent would have been granted after examination at several levels including the oppositions thereto at the pre-grant and post-grant stage. It was further urged that unless the Defendant was able to discharge the heavy burden of showing that it had a stronger prima facie case than the Plaintiff, it should not be permitted to defeat the right of the Plaintiff to an injunction against infringement by casually raising a challenge to the validity of such patent. While negating this plea it was observed by the Division Bench as under:

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. 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 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 Australia 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. (emphasis supplied) In *Erico Intll Corprn v. Vutec Corprn* (U.S. Court of Appeals for the Federal Circuit, 2007-1168) it was held that the defendant must put forth a substantial question of invalidity to show that the claims at issue are vulnerable. In the facts and circumstances of the case it was held that Cipla had raised a credible challenge that rendered Roche's patent vulnerable. The order of the learned Single Judge refusing injunction was upheld.

35. Keeping in view the aforementioned law as explained by the Division Bench of this Court, it bears examination if the Defendants 2, 3 and 4 have been able to raise a credible challenge to the validity of the Plaintiff's patent. In other words, the question is whether the defendants have put forth a substantial question of invalidity to show that the claims at issue are vulnerable? One of the grounds urged by the Defendants in support of this submission is that the Plaintiff has been in breach of Section 8 of the Act thus rendering its patent vulnerable to revocation in terms of Section 64(1) (j) and (m) of the Act. This issue is therefore taken up for consideration first. Non-compliance with Section 8

36. Section 8 of the Act is titled Information and undertaking regarding foreign applications.. Section 8(1)(a) requires an applicant for a patent to file along with his application a statement setting out the detailed particulars of the application filed by such applicant in any country outside India in respect of the same or substantially the same invention. Section 8(1)(b) requires such applicant to also furnish an undertaking that up to the date of the grant of patent in India he will keep the Controller of Patents informed in writing from time to time of detailed particulars as required under Clause (a) in respect of such application made in a country outside India. The corresponding rule is Rule 12(1) of the Rules which states that the statement and undertaking to be filed in terms of Section 8(1) of the Act will be in Form 3. Prior to the making of the present Rules in 2003, the earlier relevant Rule was Rule 13 which was to the same effect with slight changes in Form 3.

37. The Plaintiff submitted its National Phase Application for grant of patent in respect of side bearing pad assembly corresponding to the PCT Application dated 15th September 2000 to the Controller of Patents in Mumbai on 21st June 2001. Among other documents, it enclosed with the said application the completed Form 3 and the international search report. That search report merely indicated the filing of a patent action by the Plaintiff elsewhere. The International Application indicated the US Application made in 1999 as the prior application. The Plaintiff may be right in contending that the Form 3 which was prevalent at that point of time did not contain a column status. and, therefore, all that it was required to inform the Patent Controller was that it had made applications for patent for the same invention in different countries. However, the requirement of the law did not end there. While Section 8(1)(a) of the Act required the applicant to furnish a statement on the applications made in other countries, Section 8(1)(b) required the applicant to give an undertaking that up to the date of grant of patent in India (or as earlier worded up to the date of the acceptance of his complete specification filed in India) the applicant would keep the Controller informed in writing from time to time of detailed particulars as required in Clause (a) in respect of every other application relating to the same or substantially the same invention if any filed in any country outside India subsequent to the filing of the application referred to in the abovesaid clause within the prescribed time. Even under the Form 3 as was prevalent on the date of filing the application, an undertaking had to be given to the effect that up to date of acceptance of the complete specification filed in connection with our abovementioned application, we would keep the Controller informed in writing from time to time of the details regarding the applications for patent filed outside India from time to time for the same or substantially same invention within three months from the date of filing such application. Therefore this did not hinge on the Controller asking for particulars but the applicant keeping the Controller informed from time to time. The expression time to time meant a periodicity of furnishing information akin to updating the Controller on the current status of the applications filed in other countries. It is not, as suggested by the learned Senior counsel for the

Plaintiff, a mere furnishing of information whether the application is pending or dismissed.

38. Given that the national phase application is itself a part of the scheme of filing patent claims internationally in terms of the PCT, the submission that the Controller will be deluged with paperwork if he were to be kept informed of all developments in such applications, is clearly one of desperation. The very function of the Controller is to ensure that a patent is granted in keeping in view the current knowledge of the closest prior art relevant to the subject device or process. This is being statutorily facilitated by requiring the applicant to keep the Controller updated of all developments in the pending applications in other countries made for the same patent. Given this object of the provision there can be no two opinions that the disclosure has to be a periodic one and giving full particulars. On the facts of the present case there is no indication that the Plaintiff furnished the necessary details of its US and European applications for grant of patent to the Controller in India from time to time.

39. The matter does not end there. Section 8(2) reads as under:

8. Information and undertaking regarding foreign applications. (1) (2) At any time after an application for patent is filed in India and till the grant of a patent or refusal to grant of a patent made thereon, the Controller may also require the applicant to furnish details, as may be prescribed, relating to the processing of the application in a country outside India, and in that event the applicant shall furnish to the Controller information available to him within such period as may be prescribed.

40. As far as Section 8(2) is concerned, the Controller on his own may also require the applicant to furnish details relating to the processing of the application in a country outside India, and in that event the applicant shall furnish to the Controller information available to him within such period as may be prescribed. That requirement is mandatory as has been further emphasised by the wording of Section 64(1)(j) [that the applicant has failed to disclose to the Controller the information required by Section 8 or has furnished information which in any manner was false to his knowledge] which indicates the non-compliance with such directive of the Controller as a ground for the revocation of the patent. The obtaining of a patent, on a false suggestion or representation is a further ground of revocation under Section 64(1)(m).

41. In order to examine the contention of the Defendants of the violation by the Plaintiff of Section 8(2) and therefore referring its patent vulnerable for revocation in terms of Section 64(1)(m) of the Act it is necessary to set out in full the letter dated 20th October 2004 written by the Patent Controller to the Plaintiff. The said letter reads as under:

No. I2/MUM

To,

Remfry & Sagar,

Attorneys-at-Law,

Gresham assurance House,

1 Sir P.M. Road

Mumbai-400 001

SUB: FIRST EXAMINATION REPORT

REF: PATENT APPLICATION No.

I2/MUM

NAME OF APPLICANT: Uniroyal Chemical Company,

Inc. With reference to the request No. 2654/RQ/2004, made on 26.08.2004 by you for examination the above quoted application has been examined under Section 12 of the [Patents Act, 1970](#), as amended by the Patents (Amendment) Act, 2002 and the first statement of objection of forwarded herewith the compliance.

The documents noted in the margin are enclosed herewith for amendment in these respects and shall be resubmitted to this office within 4 months from the date of issue of this statement U/R 24 (4) together with an observation that you would like to offer in connection therewith.

If any correction is made in any page of the specification that page should be freshly typed and in duplicate. The original pages in that case should be returned to this office duly cancelled.

The application referred to above will be deemed to have been abandoned unless all requirements imposed by the said Act and Patents Rules, 2003, are complied within 12 months Under Section 21(1). No extension of time beyond 12 months is allowed.

The pages of the complete specification should be retyped wherever corrections or interpolations are made. The typed pages should preferably be on white papers in order that clear photocopies of the specification can be prepared at the time of publication of the specification. (Pinkesh K. Jain)

Examiner of Patents & Design

For Asstt. Controller of Patents & Design

Encl:1. Application on form 1

2. Complete specification

3. Complete drawing

4. Form 5

Note: All communications to be sent to the controller of patents at the above address.

1. Claim 1 does not sufficiently define the characterized constructional feature of the bearing pad assembly. All essential constructional features of the assembly should be given in claim 1. Constructional features given in claims 2, 8 & 9 should be merged with claim 1.

2. Claim 1 is not supported by description in view of expression outwardly facing abutment surface.

3. Claims 5, 6, 13 and 14 are not supported by description.

4. Title and opening para should be made consistent with Claims.

5. Application may be filed on Form 1A.

6. Application form should be dated.

7. Further details regarding foreign filing should be filed along with petition.

8. Details regarding the search and/or examination report including claims of the applications allowed, as referred to in Rule 12(3) of the Patents Rules, 2003, in respect of same or substantially same inventions filed in any one of the major patent offices, such as USPTO, EPO and JPO etc., along with appropriate translation where applicable, should be submitted within a period of 30 days from the date of receipt of this communication as provided under Section 8(2) of the Indian Patents (Amendment) Act, 2002.

9. Statement of claims should be prefaced by words We Claim.

10. Pages of complete specification should be renumbered serially at the bottom of the page as indicated therein.

11. Complete specification should be dated & signed at the end of the claims.

12. Indian patent application number should be given in Form 5.

13. Drawings should be prepared according to the Rule 15 of The Patents Rule, 2003.

14. Kindly note that it may not be possible to repeatedly examine your amended specification, therefore you should submit the documents only after fully complying with the above requirement. If you desire to discuss the matter, you can visit this office with prior appointment.

42. There are two requirements which are apparent from the reading of the above letter. The first is that the amended documents were to be resubmitted to the Office within four months from the date of the issue of the statement under Section 24(4) of the Act. Clearly, no such amended document was filed within four months as required. In the un-numbered para 5 of the reply dated 17th October 2005 it was stated by the Plaintiff that the amendments carried out in the specifications have necessitated retyping of pages 9 and 10 as fresh pages 10 and 11 respectively. The retyped pages are submitted herewith in duplicate along with former pages which have been cancelled. But this was not in compliance with Clauses 7 and 8. Clause 7 required the Plaintiff to furnish further details regarding foreign filing. Clause 8 required them to furnish details regarding search and/or examination report including claims of applicant allowed.

43. It is not possible to agree with the submission of Mr. Shanti Bhushan that the search and the examination report is required to be furnished only if it has resulted in the allowing of the Plaintiff's claim by the Patent Office in a foreign country. The word including only means that the Plaintiff has to additionally furnish the search and the examination report where applications have been allowed. It was incumbent on the Plaintiff therefore to furnish to the Controller of Patents any search or/and examination report that may have been issued by the Patent Office either in US or Europe as on the date of their reply i.e. 17th October 2005. What is significant is that initially by the letter dated 17th October 2005 to the Patent Controller, the Plaintiff did not adhere to the requirements of paras 7 and 8 at all. Later after the telephonic conversation it submitted that a letter dated 19th October 2005 where it simply stated that there has been no further development subsequent to Form 3 which was filed at the time of filing the application in India. This statement, as will be seen hereafter, was not true.

44. A detailed chart has been produced by the Defendant, which the Plaintiff has been unable to counter, which shows the history of the processing of the application by the Plaintiff in the US Patent Office. It shows that after the filing of Form 3 in India i.e. on 21st June 2001 and prior to the date of filing of reply i.e. on 19th October 2005 there were a series of developments in the US patent application. The examination report in the US is called as an Office Action. The final Office Action was prepared on 26th July 2001 whereby claims 1 to 8 and 10 to 16 were rejected. In response thereafter on 25th September 2001, the Plaintiff carried out a preliminary amendment of the claims. On 15th January 2002 some of these claims were rejected. A response was filed thereto by the Plaintiff on 8th February 2002. There was another non-final Office Action on 2nd July 2002 where again Clauses 1, 3 to 8, 10 to 15 and 17 to 22 were rejected. There was yet another final office action on 19th November 2002 after the Plaintiff had sought to respond to the rejection by the earlier Office Action. The Plaintiff also filed an appeal on 18th February 2003 while simultaneously responding to the final Office Action of 19th November 2002. There was a final Office Action on 21st December 2004. From the Examiner Report of 20th June 2005 it is apparent from the chart that there were several developments in the US Patent Office Action which obviously did have a bearing on the examination of the application by the Indian authorities. When, by the letter dated 13th September 2004 (delivered to the Plaintiff on 20th October 2004), the Controller of Patents was asking for details regarding the search and/or examination report in

respect of same or substantially same invention filed as referred to in Rule 12(3) of the Patents Rules 2003 in respect of same or substantially same inventions filed in any one of the major patent offices, such as USPTO, EPO and JPO etc. the Plaintiff obviously was required to furnish the above details. The Plaintiff itself does not deny that it did not do so. The filing of the international search report in June 2001 was not in compliance with the above requirement.

45. It is not possible to accept the submission, made by referring to the Halsbury's Laws of England, that since the omission to furnish particulars is not serious enough to affect the grant of the patent, it did not impinge on its validity. Section 64(1) (j) and (m) indicate to the contrary. Further under Section 43(1)(b) a patent can be granted only when the application has been found not to be contrary to any provision of the Act. It cannot be said that the omission to comply with the requirement of Section 8(2) was not serious enough to affect the decision of the Controller to grant the patent to the Plaintiff. The information, if provided, would have enlightened the Controller of the objections raised by the US patent office and the extent to which the Plaintiff had to limit its claims to the torus shape of the compression spring, which was a key feature of the subject device. Had the Controller been informed of the Plaintiff's own patent No. 3932005 dated 13th January 1976, he would have been called upon to examine if that patent taught the use of a toroidal shape of a compression member and whether therefore the subject device was an inventive step within the meaning of the Act.

46. It was submitted by Mr. Shanti Bhushan that as long as the patent was not revoked it had to be enforced. The decisions cited by Mr. Shanti Bhushan in support of this contention are now examined. *K. Ramu v. Adyar Ananda Bhavan* : 2007 (34) PTC 689 (Mad), did not deal with the question of non-compliance with Section 8 and consequently the patent being rendered vulnerable to revocation under Section 64(1)(m) of the Act. Therefore that decision would not be of much help to the Plaintiff. Likewise, in *Telemecanique & Controls (I) Ltd.* although the injunction was granted on merits, the Court acknowledged that the mere grant of patent will not by itself ensure the grant of an injunction in favour of the patent holder. Significantly, the Division Bench emphasised that the patent holder would have to show that the patent had been worked. The decision in *Mariappan* is also distinguishable on facts. A central feature of the present case is whether there is infringement by a supplier of the Railways pursuant to a public tender in terms of which he has no option but to supply the device in accordance with a drawing given to him by the Railways. A peculiar feature of such contract are the Clauses 1701 and 1702 of the Indian Railways Standard Condition which has been adverted to already. None of the above cases cited by the Plaintiff involve similar facts.

47. It was urged on the strength of the above decisions that after its amendment in 2002, Section 48 has strengthened the right of a patent holder to prevent third parties from infringing his rights and that the case for the grant of an injunction is correspondingly enhanced. This does not appear to be entirely correct. Section 48(1) of the Act as it stood prior to the amendment in 2002 (with effect from 20th May 2003) under Sub-section (1) specified that the grant of a patent before the commencement of the Act would confer on the patentee the exclusive right to make, use, exercise, sell or distribute the invention in India. Section 48(2) of the Act stipulated that it was subject to the provision of Section 47 and that patent granted after the commencement of the Act shall confer on the patentee, where the patent is for an article or substance, the exclusive right to make, sell or distribute such article or substance and where it was for a method or process of manufacturing an article or substance, the exclusive right to use or exercise the method or process in India.

48. Under the amended Section 48(1) of the Act, the patent granted shall, where the subject matter of the patent is a product, give the patentee the exclusive right to prevent third parties, who do not have his consent, from the act of making, using, offering for sale, selling or importing for those purposes that product in India. Likewise, where the subject matter of the patent is a process, the patentee would have the exclusive right to prevent third parties, who do not have his consent, from the act of using that process, as well as from the act of using, offering for sale, selling or importing any product obtained directly by that process in India. The change is therefore, that under the amended Section 48 a right is given to the patent holder Plaintiff, to prevent third parties from making, selling or offering for sale, the product for which such patent has been

granted without the prior consent of the patent holder. The amended Section 48, however, does not in any manner change the position as regards the validity of the patent itself. It would still be vulnerable to challenge in terms of Section 13(4) read with Sections 64 and 107 of the Act. A similar conclusion has been arrived at in *Bajaj Auto Ltd. v. TVS Motor Company Ltd.* (supra).

49. This Court holds that for the aforementioned reasons, in view of the prima facie non-compliance by the Plaintiff with the requirement of Sections 8(1)(b) and 8(2) of the Act, the ground for revocation as contained in Section 64(1)(m) is prima facie attracted. This Court does not find it necessary to examine in a greater detail whether the other grounds for revocation, including those spelt out in Sections 64(1) (h) or (j), are attracted. In the considered view of the Court, that would require evidence to be led. The Court is also, therefore, not examining whether the subject patent is vulnerable on the grounds of lack of inventive step and obviousness or non-working of the patent. The petition before the IPAB will perhaps afford an opportunity for a full fledged enquiry into those aspects, and therefore this Court refrains from expressing any opinion thereon. The effect of Section 47 of the Act

50. The point concerning the Ministry of Railways supplying the drawings to the bidders for the tender floated by it for the supply of subject device requires to be addressed next, particularly since this is a peculiar feature of this case. The letter dated 23rd/25th June 2004 written by the Director General (Wagon) of the RDSO to as many as ten prospective suppliers of the side bearing pad informs them of the decision taken to manufacture the Cansub 22 HS bogie with PU side bearer to drawing No. AAL-021101 (Alt.1) with effect from 01.09.2004. The letter also mentions the three manufacturers in Lucknow stated to be the Plaintiff's licencees as the approved sources. What is interesting is that this was written at a time when the subject patent for the device was pending consideration before the Controller of Patents. What it also shows is that the supplier of the device would have no choice but to supply the device to the Railways which answered the drawing. This explains Clauses 1701 and 1702 of the Indian Railways Standard Condition which exempts not only the Railways from being made liable for infringing the rights of a patent holder but also its contractor who for that purpose is to be treated as an agent of the Government. In fact the Plaintiff does not contest this legal proposition. The argument is that while the Railways may be exempt in terms of Section 48, they will have to also account for Section 156 and therefore their contractor cannot use the subject patent for manufacture of the subject device without the prior permission of the Plaintiff. This is what requires examination.

51. Section 48 which spells out the rights of the patent holder has been expressly made subject to the other provisions contained in this Act and the conditions specified in Section 47. Therefore, the right under Section 48 is a qualified right. The relevant Sub-sections of Section 47 which set out the conditions read as under:

47. Grant of patent to be subject to certain conditions.- The grant of a patent under this act shall be subject to the condition that--

1. any machine, apparatus or other article in respect of which the patent is granted or any article made by using a process in respect of which the patent is granted, may be imported or made by or on behalf of the Government for the purpose merely of its own use;

2. any process in respect of which the patent is granted may be used by or on behalf of the Government for the purpose merely of its own use;

3.

4..

52. A plain reading of the above provision is that the patent in respect of the subject device may be used by or on behalf of the Government for the purpose merely of its own use. This is an implied condition of the grant of patent. In the circumstances, if the government through the Ministry of Railways has itself supplied the drawings to the prospective suppliers and asked them to supply side bearing pads in conformity with those

drawings, it cannot possibly be said that there is an infringement by either the Railways or its contractor of the patent. In the present case, the Plaintiff has also participated successfully in the very tender in which the Consortium of the defendants has been awarded a small percentage of the contract for supply of side bearing pads. It knew of the above stipulation and has not chosen to question it till the tender was finalised and the contract awarded. The Plaintiff, by participating in such tender, must be taken to have consented to the use of its patent by both the Railways as well as any supplier of the Railways to whom the contract for supply was to be awarded. It is also not in dispute that the Defendants have formed their Consortium only for supplying the subject device to the Railways. Although Section 156 of the Act states that patent will bind the Government, that provision has also been made subject to the other provisions contained in this Act. A harmonious reading of Sections 47 and 156 of the Act would indicate that the object is not to involve the Government or its department or a contractor acting on its behalf in any litigation involving infringement of patent when the product or process in question is for the own use of the government. This is a price that the patent holder pays for getting a sizeable chunk of the contract, in this case 95%, which is virtually a monopoly. Where it is not for the government's own use, or where the Government supplies the drawings of a patented product without the knowledge or consent of the patent holder, then Section 156 would permit enforcement and protection of the patent even against the government.

53. In *Garware Wall Ropes Limited v. A.I. Chopra* the learned Single Judge of the Bombay High Court (Nagpur Bench) had occasion to interpret Section 47 of the Act. The words merely of its own, occurring in Section 47 of the Act was held to mean that use for the purposes of the Government by any department of the Government and use by servants and agents of the Government in performance of their duties/in discharge of their duties assigned to them irrespective of who is benefited by such use. It was held that this would not include use by any other person like contractor or railways since the meaning is strictly restricted to the direct use by any department of the Government or its servants. A reference was made to Sections 99 and 100 of the Act concerning the use of inventions for the purposes of the Government. This Court understands Section 47 to not restrict the making of the device by the Government itself because the words used are made by or on behalf of the Government. It is the end use that has to be for the Government or its department exclusively. Clauses 1701 and 1702 which were perhaps not noticed in the said decision. These clauses virtually exempt the railways and the contractor from liability in such instance. There can be no manner of doubt as far as the present case is concerned, that the subject device was to be made on behalf of the Ministry of Railways by the supplier to whom the contract was to be awarded. It is for the purposes of the own use of the Ministry of Railways. It would appear therefore, that Section 47(1) would bar the Plaintiff from seeking to prevent Defendants 2 to 4 from making the subject device since it is going to be manufactured and supplied only to the Railways for its own use.

54. For the above reasons, this Court is not satisfied that the Plaintiff has been able to make out a prima facie case for the continuation of the interim injunction in its favour. As will be seen hereafter, the balance of convenience at this stage also appears to be in favour of the Defendants 2, 3 and 4 for not granting an interim injunction in favour of the Plaintiff. Balance of convenience

55. The finalised tender document has been placed on record. What has been awarded to the Plaintiff is 95% of the total quantity of the device to be supplied to the Railways. In fact Clause 7 of the instructions appended to the tender itself made it clear that Item is reserved for bulk procurement for RDSO approved sources. Others can be considered for developmental order. What the Consortium has been awarded is the developmental order which is barely 5% of the total quantity. If the object of the Act is to ensure that the patent holder has the exclusive right to commercially exploit the patent, then that object is more or less achieved in the present tender as well, notwithstanding Section 47 of the Act. By refusing an injunction, while still imposing conditions on the Defendants 2, 3 and 4 to maintain accounts, the Court would be ensuring that in the event of the Plaintiff succeeding, it will be compensated even as regards the 5% quantity. In the above circumstances, the balance of convenience is not in favour of grant of an interim injunction as prayed for by the Plaintiff. Conclusion

56. Accordingly the interim injunction granted by this Court on May 27th 2009 stands vacated and the prayer by the plaintiff for the grant of an interim injunction is rejected. However, it is directed that Defendants 2, 3 and 4 will each file affidavits of undertaking in this Court within two weeks undertaking that they will, during the pendency of the present suit, keep complete accounts of the manufacture, sale and supply of the subject device and file in this Court such accounts, duly certified by their auditors at the end of every three months, with advance copies to the Plaintiff. The Defendants 2, 3 and 4 will also undertake to file the annual statement of sales of the subject device duly authenticated by their auditors.

57. It is inevitable that at the interlocutory stage, in an intellectual property rights case, elaborate arguments are advanced on the basis of materials on record and the Court is invited therefore to give an opinion, which may seem detailed. Yet, it needs to be clarified that this opinion is only a prima facie one formed at the pre-trial stage and is not intended to influence either the final outcome of the suit or any other proceedings involving the parties in any other forum, including the IPAB.

58. I.A. Nos. 6782 and 8372 of 2009 are disposed of in the above terms.

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