

## Special Legal Issues Seminar

### *When is a Commercial Suit an Option in an IP Matter?*

## Introduction

- Earlier due to the statutory requirement under Patents Act, Designs Act, Trade Marks Act, Copyright Act, and Geographical Indications Act, cases of infringement had to be filed in a court not inferior to the district court. Hence such cases were filed before the district courts in states where High Courts didn't possess ordinary original civil jurisdiction. In states where high courts did possess original civil jurisdiction (Delhi, Madras, Calcutta, Bombay and Himachal Pradesh), such cases came to be filed before the High Court.
- With the enactment of Commercial Courts, Commercial Division, and Commercial Appellate Division of High Court 2015 and its amendment by way of ordinance dated 03.05.2018 separate courts have been established called commercial courts for the speedy resolution of commercial disputes.
- The Act also provides for the establishment of Commercial Appellate Divisions, at the level of the High Courts, which are empowered to adjudicate upon appeals from orders passed by the Commercial Court or Commercial Division. In an attempt to widen its jurisdiction, the Act has given a liberal interpretation to the term 'commercial disputes'.
- It categorized IP disputes as "commercial matters" to streamline and expedite IP litigation, introduced the provision of summary judgment for civil disputes.

## Relevant Provisions

### ❖ **The Commercial Courts Act, 2015 –**

*“An Act to provide for the constitution of Commercial Courts, Commercial Appellate Courts, Commercial Division and Commercial Appellate Division in the High Courts for adjudicating commercial disputes of specified value and matters connected therewith or incidental thereto.”*

### ❖ **Section 2 (1)(c), The Commercial Courts Act, 2015 –**

*““commercial dispute” means a dispute arising out of—.....(xvii) intellectual property rights relating to registered and unregistered trademarks, copyright, patent, design, domain names, geographical indications and semiconductor integrated circuits;”*

### ❖ **Section 2(1)(i), The Commercial Courts Act, 2015 –**

*““Specified Value”, in relation to a commercial dispute, shall mean the value of the subject-matter in respect of a suit as determined in accordance with section 12 which shall not be less than three lakh rupees or such higher value, as may be notified by the Central Government.”*

## Relevant Provisions (Contd.)

### ❖ Order XIII-A, The Code of Civil Procedure, 1908 –

*“...1. Scope of and classes of suits to which this Order applies. —(1) This Order sets out the procedure by which Courts may decide a claim pertaining to any Commercial Dispute without recording oral evidence...*

*3. Grounds for summary judgment. —The Court may give a summary judgment against a plaintiff or defendant on a claim if it considers that—*

*(a) the plaintiff has **no real prospect of succeeding on the claim** or the defendant has **no real prospect of successfully defending the claim**, as the case may be; and*

*(b) there is no other compelling reason why the claim should not be disposed of before recording of oral evidence. ...” [Emphasis Supplied]*

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## Application of Commercial Courts Act, 2015 to IP Disputes

- ❖ Disputes relating to intellectual property rights, insurance, mercantile documents as well as those relating to transactions between bankers, financiers, etc. are brought under the scope of the term ‘commercial dispute’.
- ❖ The value of subject matter in an intellectual property right dispute would be determined by the market value of the said IP right, as estimated by the plaintiff.
- ❖ The provision entitles a court to decide a dispute without evidence, if it forms the view that the plaintiff or defendant has "no real prospect of successfully defending a claim". This provision is now being adopted by courts regularly to grant relief to IPR owners. The Delhi High Court, the first Court to have adopted the Commercial Courts Act has led the way in summary judgment jurisprudence.
- ❖ One such salient feature of the Act is the inclusion of Order XIII-A in CPC which provides for the mechanism of Summary Judgment in respect of a claim without recording oral evidence.

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## Application of Order XIII-A to IP Disputes

- ❖ Under mechanism as provided under Order XIII-A, the application for summary judgment can be made by either party after the service of summons to the defendant and before the framing of issues. Upon consideration and satisfaction of the Court, a summary judgment may be given
- ❖ The rationale being that the Court, after hearing both parties to an application for summary judgment, is of the view that there are no material propositions of fact or law on which further evidence needs to be led since the respective rights of the parties are well-established as per the merits of the dispute.
- ❖ Under order XIII-A, the “claim” in an application for summary judgment shall include (a) part of a claim, (b) a particular question on which the whole or part of the claim depends, and (c) counter-claim.
- ❖ For example, in a trademark infringement suit, the question of prior user/first use may be a question on which the claim for damages depends either in whole or in part, and such question may be determined in an application for summary judgment.

## Relevant Case Laws

### ❖ *Guinness World Records v. Sababbi Mangal* [2016 (66) PTC 341 (Del)]

- The Delhi High Court further expanded the scope of the Act to decide cases related to Intellectual Property. It deviated from the provisions of jurisdiction given under Sections 6 and 7 of the Act and ruled that matters relating to Intellectual Property Rights, filed under statutes such as the Patents Act, Copyright Act, Trademark Act, etc. shall be adjudicated by Commercial Courts, irrespective of whether the suit value is above the minimum limit of 1 Crore rupees or not. Thus it allowed a greater number of aggrieved individuals to avail the benefits of a trial before the Commercial Courts.
- “*such suits or IPR matters, even if their valuation is below Rs.1 crore, the same will be dealt with and decided by the Commercial Division(s) of the High Court if their pecuniary jurisdiction valuation is above Rs. 20 lacs (for Delhi High Court) but below Rs.1 crore.*” [Emphasis supplied]

### ❖ *Merck Sharpe and Dohme and Anr. v. Munish Thakur* [246 (2018) DLT 87]

- The Court suo motu invoked the provision of summary judgment. The suit was therefore decreed in favor of the patentee along with actual costs without recording of oral evidence as the Court was of the opinion that the defendant had no real prospect of defending its claim.

## Relevant Case Laws (Contd.)

❖ ***Helamin Technology Holding SA & Anr. v. Haribansh Rai & Ors.* [CS (COMM) 1492/2016 & IA No. 26197/2015, Delhi High Court, November 13, 2017]**

- The Plaintiffs had filed the present suit for passing off, seeking an injunction against the defendants from manufacturing, selling, offering for sale, distributing importing/exporting, advertising products/service, bearing Plaintiff No. 1's trademark HELAMIN or any other mark deceptively similar thereto. Summary judgment was granted in a trademark dispute in favor of the plaintiff.

❖ ***Bharti Bhawan v. M/s Shree Jee Prakashan* [CS (COMM) 550/2016 and IA No. 9250/2017, Delhi High Court, August 24, 2017]**

- The present suit has been filed for permanent injunction restraining the defendants for infringement of the copyright of the book 'Concept of Physics'. The plaintiffs had learned that an unauthorized Hindi translation of the book 'Concept of Physics' was being sold titled 'Bhautiki ke Moolbhoot Sidhant'. The defendants No.1 to 3 were served with the summons but failed to appear. The Court granted a decree for copyright infringement in favour of the plaintiff, by passing a summary judgment.



## Relevant Case Laws (Contd.)

### ❖ *Bright Enterprises Private Limited v. MJ Bizcraft* [2017 (69) PTC 596 (Del)]

“Rule 3 of Order XIII-A CPC empowers the Court to give a summary judgment against a plaintiff or defendant on a claim if it considers that – (a) the plaintiff **has no real prospect of succeeding on the claim** or the defendant has no real prospect of successfully defending the claim, as the case may be; and (b) there is **no other compelling reason** why the claim should not be disposed of before recording of oral evidence...”

“from the provisions laid out in Order XIII-A, it is evident that the proceedings before Court are **adversarial in nature and not inquisitorial**. It follows, therefore, that Summary Judgment under Order XIII-A cannot be rendered in the absence of an adversary and merely upon the inquisition by the Court..” [Emphasis supplied]

## Relevant Case Laws (Contd.)

### ❖ *Su-Kam Power Systems Ltd. v. Kunwer Sachdev* [264 (2019) DLT 326]

*“It bears reiteration that the standard for fairness is not whether the procedure is as exhaustive as a trial, but whether it gives the Court the confidence that it can find the necessary facts and apply the relevant legal principles so as to resolve the dispute ... Consequently, this Court is of the opinion that there will be no real prospect of successfully defending the claim’ when the Court is able to reach a fair and just determination on the merits of the application for summary judgment. This will be the case when the process allows the court to make the necessary finding of fact, apply the law to the facts, and the same is a proportionate, more expeditious and less expensive means to achieve a fair and just result.*

*In fact, the legislative intent behind introducing summary judgment under Order XIII-A CPC is to provide a remedy independent, separate and distinct from judgment on admissions and summary judgment under Order XXXVII CPC.”* [Emphasis supplied]

## Relevant Case Laws (Contd.)

- ❖ ***Ahuja Radios v. A. Karim* [I.A. No. 5202/2017 in CS (COMM) 35/2017, Delhi High Court, May 1, 2017]**
  - An application for summary judgment was made on the basis of admissions on part of the defendant. The Court noted that the defendant had no real prospect of resisting the decree of permanent injunction and that the defendant also had little prospect of succeeding in its defence indicating that there was no compelling reason for the Court to not dispose of the claim for permanent injunction before the recording of oral evidence.
  
- ❖ ***Campus Eai India Pvt. Ltd. v. Neeraj Tiwari* [CS (OS) 482/2016, IA No. 11735/2016, Delhi High Court, March 29, 2019]**
  - In the case of alleged plagiarism of software where the case primarily depended on the report of a third-party expert comparing the codes for the two software, the Delhi High Court was happy to accept the defendant's application for summary judgment when the expert found no evidence of plagiarism.

## Conclusion

- ❖ The above examples clearly show that the grant of this relief has not been limited to any particular type of intellectual property. Furthermore, it is not even necessary for parties to request a summary judgment as courts are invoking the new provision of their own accord.
- ❖ This has significantly reduced the time period for litigation and saved costs for IP owners as the evidence stage is removed. The continuation of this important trend will enable IP owners to file more lawsuits to effectively enforce their rights, especially in run-of-the-mill counterfeit cases.
- ❖ It is pertinent to note that sometimes disputes in relation to intellectual property rights are pertaining to infringers who do not enter appearance in the proceedings to the suit. Instead of requiring the plaintiff to lead evidence ex-parte, summary judgment under Order XIII-A of the CPC is an efficacious mechanism of disposal of disputes in such cases.
- ❖ The Courts are already passing punitive damages in trademark infringement cases where the offence of infringement is gross and clearly made out and hence, it is submitted that Order XIII-A would find an appropriate application in such disputes.

# THANK YOU!

## Questions?

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