

(2011) 12 MAD CK 0113
In the Madras High Court
Case No : O.S.A. No. 365 of 2011

Matrix Laboratories Limited 1-1-151/1, 4th Floor, Sai Ram
Towers Alexander Road Secunderabad - 500003

APPELLANT

Vs

F. Hoffman - La Roche Ltd. and OSI Pharmaceuticals, Inc.

RESPONDENT

Date of Decision : 01-12-2011

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Section 17, 18, 20
Constitution of India, 1950 — Article 226
Copyright Act, 1957 — Section 62(1), 62(2)
Designs Act, 2000 — Section 18(B), 25(1), 29(1)
Patents Act, 1970 — Section 10(4), 104, 105, 106, 107
Trade Marks Act, 1999 — Section 134, 134(2)

Citation : (2011) 12 MAD CK 0113

Hon'ble Judges : R. Mala, J;R. Banumathi, J

Bench : Division Bench

Advocate : T.V. Ramanujam, for Mr. Feroz Ali, for the Appellant; P.S. Raman, for Mr. M.S. Bharath, for the Respondent

Final Decision : Dismissed

Judgement

R. Banumathi, J. and R. Mala, J.—Whether this Court has jurisdiction to entertain Patent Infringement suit in the matter of Patent No. 196774 -Erlotinib Hydrochloride and whether learned single Judge was right in refusing to revoke the leave granted in Application No. 5166 of 2010 in C.S.No. 801 of 2010 are the points falling for consideration in this appeal arising out of the Order made in A.No. 5529 of 2010.

2. Briefly stated case of respondents/plaintiffs is:-

Respondents are two multi-national Pharmaceutical Companies with Office outside India. Appellant is a Pharmaceutical Company having its office at Secunderabad. Pfizer Products, Inc. had applied for grant of a patent in respect of the CP-358, 774 compound, also known as Erlotinib Hydrochloride and its process vide Application No. 537/DEL/1996 on 13.3.1996. Subsequently, Pfizer

Inc. assigned their entire right in and to the above patent application to Pfizer Products Inc., who in turn has assigned one half share to respondent No. 2. The Indian Patent No. 196774 was granted to the respondent No. 2 and Pfizer Products. The Controller vide his covering letter dated 6.7.2007 noted that the grant of Patent has been recorded in the Register of patents on 6.7.2007. The Suit Patent Application No. 196774 was published in the Official Gazette in March 2005 to enable any person to oppose the Suit Patent Application before the grant of Patent. The said Patent Application No. 196774 was found in order for grant on 23.2.2007. Thereafter, Natco Pharma Limited filed a pre-grant opposition challenging 2nd respondent's patent application on 10.4.2007. By an order dated 4.7.2007, Indian Patent Office rejected the pre-grant opposition filed by Natco Pharma Limited. On 6.7.2007, the Controller of Patents issued a patent certificate for the compound "A novel (6,7 - bis (2-methoxyethoxy) quinazolin - 4 - y1)-(3-ethynylphenyl) amine hydrochloride compound" (Erlotinib Hydrochloride) bearing Patent No. 196774 dating back to 23.2.2007, which was when the patent was originally found in order for grant. The respondents further averred that the suit patent bearing No. 196774 has not been subjected to any post-grant opposition u/s 25(2) of the Patents Act before the Indian Patent Office. The 2nd respondent is the joint owner of Indian Patent No. 196774 along with Pfizer Products and 1st respondent is the exclusive licensee of the suit patent.

3. Further case of respondents is that Suit Patent No. 196774, which relates to the Compound Erlotinib Hydrochloride, has been widely acknowledged by various International bodies to have positive effects towards treatment of lung cancer and pancreatic cancer. The same has been marketed by the 1st respondent in the name of TARCEVA in several countries including India for several years following extensive research activities and clinical trials. The appellant/defendant has filed revocation petition dated 30.4.2010 before the Intellectual Property Appellate Board (in short, "IPA Board"), Chennai, wherein the appellant had expressed its intention to commercially make/use/sell/ distribute/market Erlotinib Hydrochloride, the very compound that is subject matter of the suit patent. It is further alleged that for the reason the appellant has been conducting clinical trial and/or study of their drugs in Lotus Laboratory Pvt. Ltd., Chennai and the respondents apprehended that the appellant threatens to infringe the patent of the respondents. Appellant's wilful plans to infringe respondents' patent for its own commercial benefits would seriously affect the statutory rights of the respondents. Hence, the respondents have filed the suit for permanent injunction to restrain the appellant, their employers/servants/agents from launching making, selling, distributing, advertising, exporting, importing, offering for sale and in any other manner directly or indirectly deal in any pharmaceutical or any chemical compound that infringes the subject matter of Indian Patent No. 196774 registered by the respondents.

4. Alleging that a substantial part of cause of action has arisen in Chennai and that the appellant is residing outside the jurisdiction of this High Court,

respondents filed A.No. 5166 of 2010 seeking leave to sue. In the said application, the Court granted leave to sue on 16.09.2010. On 17.09.2010, an ex parte interim injunction was granted against the appellant. The appellant was served and appellant filed A.No. 5529 of 2010 to revoke the leave granted to the respondents under clause 12 of the Letters Patent.

5. A petition for revocation has been filed before IPA Board, Chennai. In the application seeking to revoke the leave, the appellant contended that the petition for revocation, being filed before IPA Board, Chennai, can never be considered as sufficient cause of action to file suit for infringement and such revocation petition filed before IPA Board cannot grant territorial jurisdiction to Madras High Court. The appellant further averred that a mere statement expressing interest to manufacture and marketing a patented product, whether made within a revocation petition before IPA Board or elsewhere, cannot constitute a cause of action for infringement. According to the appellant, the Managing Director of Lotus Labs Pvt. Ltd. has given a statement declaring that it is not involved in the testing of the product relating to IN Patent No. 196774 for and on behalf of the appellant. Appellant further averred that in any event conducting research on the appellant's patented product with Lotus Labs Pvt. Ltd. is expressly excluded from constituting an act of infringement by Section 107-A(a) of the Patents Act, 1970 and as a result no cause of action for infringement can arise from such research/testing. If there is no cause of action that can rise from research or testing, leave to sue has to be revoked. Case of appellant is that no cause of action in infringement has arisen in Chennai and appellant's entire office and critical operations are based in Hyderabad, Andhra Pradesh and the continuation of the suit against the appellant before the High Court, Chennai would cause inconvenience to the appellant and therefore appellant prayed for revocation of the leave granted under Clause XII of the Letters Patent.

6. Upon consideration of the contentions, the learned single Judge held that "..... by the act of the appellant in approaching IPA Board by filing a revocation petition, a part of cause of action has arisen in Chennai". The learned single Judge further held that "the appellant approached IPA Board situated in Chennai and made their intention very clear that they wanted to produce a product, which will not offend the respondents" products and at the same time, expressed the apprehension that the respondents would object to such a new product that may be manufactured and sold by them and this itself is sufficient to give rise to a cause of action in Chennai and within the jurisdiction of the Madras High Court." Referring to the decisions of Rohtas Industries Ltd. and Others Vs. Indian Hume Pipe Co. Ltd., , Rajasthan High Court Advocates Association Vs. Union of India and Others, and other decisions, the learned single Judge declined to revoke the leave and dismissed the application in A.No. 5529 of 2010 filed by the appellant. While so dismissing the application, the learned single judge further directed for continuation of the interim injunction earlier granted.

7. Mr. T.V.Ramanujam, learned Senior Counsel appearing for the appellant

contended that the only place, where revocation proceedings u/s 64 could be filed, is before IPA Board, which has its Registry at Chennai and the attempt of respondents to place every person seeking to institute revocation proceedings in Madras High Court is a misguided quia timet action.

8. The learned Senior Counsel for respondents Mr.P.S.Raman inter alia submitted that in the light of appellant's own admissions stating its intention to commercially make/use/sell/distribute a generic version of Erlotinib Hydrochloride infringing the suit patent all over India including Chennai, part of cause of action has arisen before the jurisdiction of the Court and the suit in Madras High Court is well maintainable.

9. Jurisdiction of the Court:- u/s 104 of the Patents Act, Suit for infringement of a Patent or Suit for declaration u/s 105 or for any relief u/s 106 shall be instituted in "a District Court" having jurisdiction to try the suit". As per the proviso to Section 104, where a counter-claim of revocation of the patent has been made by the defendant, the suit, along with the counter-claim shall be transferred to the High Court for decision. As per Section 2(1)(e) of the Patents Act, "District Court" has the meaning assigned to that expression by the Code of Civil Procedure. Section 2(4) of the CPC defines "district" as "the local limits of the jurisdiction of principal Civil Court of original jurisdiction (hereinafter called a District Court), and includes the local limits of the ordinary original civil jurisdiction of a High Court." Since definition of "District" in the CPC is inclusive of High Court, the ordinary civil jurisdiction of High Court will have the jurisdiction to entertain the suit for infringement of Patent. The emphasis is on the expression in Section 104 having jurisdiction to try the suit. The Madras High Court, being Chartered High Court, ordinary civil jurisdiction of Madras High Court is governed by Letters Patent. We have to consider whether a Suit for infringement of a Patent filed u/s 108 would be governed by the Letters Patent. Let us consider filing of the cases of infringement of a Trade mark and a copyright.

10. It is seen from Section 134 of the Trade Marks Act, 1999 that it contemplates three types of suits viz.:- (a) suit for infringement of a registered trade mark (b) suit relating to any right in a registered trade mark and (c) suit for passing off. In view of sub-section (1) of Section 134, all the above three types of suits are to be instituted only in a Court not inferior to a District Court having jurisdiction to try the suit. Sub-section (2) of Section 134 defines the expression "District Court having jurisdiction" found in sub-section (1), to include a District Court within whose jurisdiction the plaintiff resides or carries on business at the time of institution of the suit, if the suit is in respect of a registered trade mark. Therefore, a special privilege is conferred upon the Proprietor of a registered trade mark to institute a suit for infringement or a suit relating to any right in a registered trade mark, in the District Court within whose jurisdiction, he resides or carries on business. This privilege is conferred by Section 134(2), with a non obstante Clause, by using the phrase "notwithstanding anything contained in the

Code of Civil Procedure, 1908 (5 of 1908) or any other law for the time being in force". Since Section 134(2) declares that it would hold the field notwithstanding anything contained in the CPC or any other law for the time being in force, the same cannot be annulled or rendered nugatory, by importing the requirements of Clause 12 of the Letters Patent into a case covered by Section 134(2) of the Trade Marks Act, 1999.

11. Section 62(1) of the Copyright Act stipulates that forum for institution of infringement proceedings etc., to be the "District Court". Section 62(2) of the Copyright Act provides that the term "District Court having jurisdiction" notwithstanding anything contained in the CPC or any other law for the time being in force would include "a District Court" within the local limits of whose jurisdiction, the person or one of the persons instituted in the suit actually or voluntarily resides or carries on business or personally works for gain.

12. Thus, in Section 62(2) of the Copyright Act as well as Section 134(2) of the Trademarks Act, a deliberate departure is made from Section 20 of the CPC to enable the plaintiff to sue one who infringed his copyright in the Court within whose local limit he carried on business at the time of institution of the suit or other proceedings. The expression in the non obstante clause in section 134(2) of the Trade Marks Act and Section 62(2) of the Copyright Act using the phrase "notwithstanding anything contained in the Code of Civil Procedure, 1908" makes a clear departure from Section 20 of the Civil Procedure Code.

13. Per contra, as per Section 104 of the Patents Act, the infringement of a Patent and other infringement actions i.e., actions under Sections 105 and 106 may be brought before the District Court as per the definition of the CPC or the High Court. The Madras High Court, being a Chartered High Court, its ordinary/original civil jurisdiction is governed by Clause 12 of the Letters Patent.

14. Clause 12 of the Letters Patent deals with filing of suits on the Original Side of Madras High Court. Clause 12 empowers the Madras High Court to decide the suits for land or other immovable property if such land or property is situated within the local limits of the ordinary original jurisdiction of the High Court. Secondly, it empowers the court to deal with a dispute where cause of action has arisen wholly within the jurisdiction of the High Court. Thirdly, it empowers the High Court to deal with the matter where cause of action has arisen in part within the jurisdiction of the High Court, provided before institution of such suit leave of the High Court has been obtained. Fourthly it also empowers the High Court to deal with the dispute "... if the defendant at the time of the commencement of the suit shall dwell or carry on business or personally work for gain, within such limits".

15. In the present case, the 1st respondent is a Company organized and existing under the laws of Switzerland, having its principal office at Grenzacherstrasse 124, CH-4070, Basel, Switzerland. The 2nd respondent is a Company organized and incorporated as per the laws of United States having its registered office at

41, Pinelawn Road, Melville, New York 11747, U.S.A. The appellant/defendant is Matrix Laboratories Limited, a Pharmaceutical Company registered under the Indian Companies Act, 1956 having its office at 1-1-151/1, 4th Floor, Sai Ram Towers, Alexander Road, Secunderabad, Andhra Pradesh - 500 003.

16. Clause 12 of the Letters Patent inter alia states that if the defendant at the time of commencement of the suit shall dwell or carry on business or personally works for gain within such limits of ordinary original jurisdiction of this Court, the suit could be laid in this Court on its Original Side. Since the sole defendant/appellant is having its registered office at Secunderabad and also carrying on business in the said place, the 4th limb of clause 12 is not applicable. We will have to see whether cause of action has partly arisen in Chennai.

17. Can the Statement in the revocation petition before the IPA Board can give rise to cause of action:-The suit for infringement of a patent can be filed in the Court having jurisdiction to try the suit, where the cause of action has arisen. For the purpose of considering application for the grant of leave or revocation of leave one has to look into the plaint averments. Now the question falling for consideration is, whether this Court has jurisdiction to entertain the suit. For determining this question, it is necessary to have a look into the plaint. At this stage, the plea taken by the appellant/defendant would be wholly irrelevant. By virtue of amendment to Patents Act, 2005, revocation petition has to be filed before the Intellectual Property Appellate Board.

18. As per Section 64 of the Patents Act, a revocation petition may be filed by "any person interested" or the Central Government before the IPA Board, Chennai. IPA Board has its registered office at Chennai. The revocation petitions are filed in the Registry of IPA Board at Chennai and the applications are scrutinized in Chennai. Once the revocation petition is found to be in order, O.R.A. Number is assigned and notice is issued by registry of IPA Board in Chennai.

19. IPA Board has been constituted by a Gazette notification of the Central Government in the Ministry of Commerce and Industry on 15.9.2003 to hear the appeals. IPA Board has its Headquarters at Chennai and shall have sittings at Chennai, Mumbai, Delhi, Kolkata and Ahmedabad. Thus, filing of revocation petition in Chennai is by statutory compulsion. Mere filing of an application for revocation in IPA Board, Chennai cannot give rise to a cause of action. After filing of revocation petition before IPA Board at Chennai and after scrutinizing of the application, the IPA Board may have the hearing either at Chennai or where the parties opt to have the hearing. IPA Board is a Circuit Board having its sittings in various parts of the country. Once the respondent appeared and filed their response, by and large the proceedings would be heard in the sites that the patent was granted, unless the parties choose otherwise. Therefore, mere filing of revocation petition before IPA Board in Chennai cannot amount to giving rise the cause of action and can only be stated as a transitory one.

(underlining added)

20. Now it is to be seen whether any part of cause of action has arisen within the ordinary original jurisdiction of Madras High Court. Paragraphs No. 42 and 43 of the plaint refer to cause of action for filing the infringement suit in Chennai, which reads as under:

42. The cause of action for filing the present suit first arose in the month of August, 2010, when Plaintiff No. 2 first received communications from the IPAB at Chennai that a revocation petition against the suit patent, Indian Patent No. 196774 had been filed by the Defendant. It is reiterated that the Plaintiffs were first made aware of the Defendant's intent to infringe the suit patent by the pleadings in the revocation petition. The cause of action is a continuous one and continues to subsist until the Defendant is restrained by the orders of this Hon"ble Court from infringing the Plaintiffs' Indian Patent No. 196774.

43. This Hon"ble Court has the jurisdiction to try and entertain the present suit as the Defendant by its own admissions within its revocation petition intends to commercially make/use/sell/distribute a generic version of Erlotinib Hydrochloride infringing the suit patent all over India, including Chennai which is situated within the territorial jurisdiction of this Hon"ble Court. The impending threat of sale of a product all over India, which is covered by a patent amounts to violation of the exclusive rights of the Patentee u/s 48 of the Patents Act and thus in light of the same this Hon"ble Court has the necessary jurisdiction to try and entertain the present suit. Additionally, the Defendant has filed the revocation petition before the IPAB at Chennai, which is situated within the territorial jurisdiction of this Hon"ble Court. Therefore, this Hon"ble Court has the necessary jurisdiction to try and entertain the present suit vide Section 20 of the Code of Civil Procedure, 1908.

21. Even at the outset it is to be pointed out that in view of Section 120 C.P.C, Sections 17, 18 and 20 of CPC are not applicable to the original Side of the High Court. Therefore plaintiff cannot invoke Section 20 C.P.C.

22. Learned Senior Counsel for appellant/defendant contended that infringement suit cannot be based on a statement made in a Revocation Petition filed before IPA Board, since IPA Board is the only forum available for the appellant to question the validity of the patented invention and any statement made in the revocation petition does not amount to part of cause of action under Clause 12 of the letters Patent. It was further submitted that the statement made in the revocation petition does not amount to an impending threat to infringe and such statement was made only to comply with a statutory requirement as to the appellant's status as "person interested". The learned Senior Counsel would further submit that in any event the suit patent was granted in New Delhi and the proceedings would be held only in New Delhi, which is the sites of the patent granted. It was further argued that it was completely open to the respondents to file appropriate proceedings either in New Delhi or any other Court within whose

jurisdiction the appellant has its manufacturing unit and while so the respondents opted to choose the Madras High Court and resorted to "forum shopping" to cause inconvenience to the appellant.

23. Refuting the contentions, the learned Senior Counsel for respondents submitted that in August 2010 the 2nd respondent received a communication from IPA Board at Chennai and in the said petition, respondents noted that the appellant brazenly advertised its intention to commercially launch a product, which would be governed by Indian patent No. 196774 of respondents. The learned Senior Counsel would further submit that the quia timet action (any action by the appellant, which would cause irreparable loss to the respondents) is a preventive measure to avert an action of the appellant, which would cause irreparable damage to the respondents, who have spent millions of dollars in conducting research and clinical trial.

24. The learned Senior Counsel had drawn our attention to the averments made by the appellant in the various proceedings to justify the quia timet action. In paragraph Nos.5 and 6 of the revocation petition, the appellant has averred as under:

5..... The Petitioner's commercial/business plans include making/using/selling/distributing a generic version of the drug Erlotinib Hydrochloride. The Petitioner states that it is actually inclined to make a novel Polymorphic form of the compound Erlotinib Hydrochloride. It is stated that while this novel Polymorphic form of the compound Erlotinib Hydrochloride is not covered under the said Patent No. 196774 but there is every likelihood that the Respondents may institute infringement action against the Petitioner on the basis of its said patent No. 196774 even though the Petitioner will manufacture and market a novel Polymorphic form of the compound Erlotinib Hydrochloride....

6..... the Respondents would use the said Patent No. 196774 to prevent the Petitioner from making and selling any Polymorphic form of the compound Erlotinib Hydrochloride on the plea of infringement of the said patent No. 196774. The Petitioner states that the patent No. 196774 is therefore a serious obstruction to the commercial/business plans of the Petitioner with regard to the manufacture and sale of the compound Erlotinib Hydrochloride.

In the revocation petition, the appellant has also set forth various grounds seeking for revocation. The learned counsel for the respondents has mainly contended that the above averments made in the revocation petition are actually a threat of infringement of respondents' patent and when the threat is given from Chennai by way of revocation petition, the suit for infringement of patent is well maintainable in Madras High Court.

25. At this juncture, it is appropriate to refer Section 48 of the Patents Act, 1970 which reads as follows;

48. Rights of patentees. Subject to the other provisions contained in this Act and

the conditions specified in Section 47, a patent granted under this Act shall confer upon the patentee-

(a) where the subject matter of the patent is a product, 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;

(b) where the subject matter of the patent is a process, the exclusive right to prevent third parties, who do not have his consent, from the act of using that process, and from the act of using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India;

A reading of the above Section makes it clear that where the subject matter of the Patent is a product or where the subject matter of the Patent is a process it confers exclusive rights on the Patentee to prevent others from doing certain acts.

26. The Patents Act defines infringement indirectly. A combined reading of Sections 10(4)(c) and 48 detail the scope of the monopoly rights of the patentee for which protection can be claimed. Any intrusion into these rights will amount to an infringement. A patent is granted under the Patents Act subject to certain conditions detailed in Section 47. Any action within the purview of Section 47 will not amount to an infringement. The Patents Act also specifically excludes certain acts from being considered as an infringement; these are detailed in Sections 49 and 107A. u/s 107, a person against whom an infringement action is instituted may take up as a defense any ground on which a patent may be revoked u/s 64.

27. The main point falling for consideration is, whether the averments made in the revocation petition would fall within the scope of infringement. As pointed out earlier, section 64(1) of the Patents Act allows "any interested person" or the Central Government to institute revocation proceedings on the common grounds in two public fora i.e., the Appellate Board and the High Court. In the case of proceedings before the Appellate Board, "any interested person" may initiate the process by filing an application u/s 117-D. For filing the revocation petition, "any interested person" should satisfy the requirements needed to raise necessary grounds for revocation.

28. Learned Senior counsel for the Respondents contended that in the revocation petition appellant brazenly advertised its intention to commercially launch a product, which would be covered by Indian Patent No. 196774. The learned Senior counsel would further contend that the quia timet action is based on a real perceivable threat based on the admissions of the appellant. Learned Senior Counsel for Respondents has drawn our attention to the following passage in William Williamson Kerr. A Treatise on the Law and Practise of Injunctions, 6th Edition 2008, pages 16- 17:

The essence of a quia timet action is that where there is an apprehension of injury and it can be shown that there is an intention to do the act complained of, or if a person threatens to do or gives notice of his intention to do an act which

in the opinion of the Court must give a ground of action, then there is a foundation for the Court to exercise its jurisdiction and restrain the said person.

29. Learned Senior counsel for the respondents further relied upon the citation in Chancery Division (*Frearson v. Loe*) 1876 F. 134, in which, it was held as follows:

A patentee can sustain an action for an injunction to restrain a threatened infringement of his patent, even if no actual infringement has taken place.

.... No part of the jurisdiction of the old Court of Chancery was considered more valuable than that exercise of jurisdiction which prevented material injury being inflicted, and no subject was more frequently the cause of bills for injunction than the class of cases which were brought to restrain threatened injury as distinguished from injury which was already accomplished. It seems to me, when you consider the nature of a patent right, that where there is a deliberate intention expressed and about to be carried into execution to infringe certain letters patent under the claim of a right to use the invention patented, the plaintiff is entitled to come to this Court to restrain that threatened injury.....

Then, if the threatened act so claimed as of right is proved to constitute an infringement of the Plaintiff's patents-and I consider it is proved - that, in my opinion, would be a ground for granting an injunction.....

(underlining added)

30. Contending that the present suit is preventive measure to avert any action by the appellant, which would cause irreparable damage to the respondents/plaintiffs, the learned Senior counsel also placed reliance upon decision of *Rohtas Industries Limited and Others vs. Indian Hume Pipe Company Limited*, Air 1954 Patna 492, wherein at paragraph No. 18, the Patna High Court held as under:-

18..... the actual infringement of patent is taken by Courts to imply an intention to continue the infringement, notwithstanding any promise not to do so and unless, in my opinion, it is clear that there is no intention to continue the infringement an injunction will be granted. In the present case, there is no conclusive evidence to the satisfaction of the Court that the defendants do not intend to continue the infringement any more. There is also no evidence that the defendants though they might have removed the machinery are not still in possession of the same. Possession of those machines is sufficient to give rise to a presumption of a threat to infringe unless that presumption is rebutted by the evidence of nonuser or the absence of such intention as held in the case of *British United Shoe Machinery Co. Ltd v. Simon Collier Ltd.*, (1908) 27 R.P.C.567 (I), I, therefore, think that the plaintiffs have not only proved in this case that the defendants have infringed but also that there is no evidence on the record to suggest that there is no danger of the injury being repeated in future. I, therefore, think that it is a fit case in which injunction should be granted against the defendants as sought by the plaintiffs in their plaint.

31. In the above said decision, plaintiffs were the grantees of two patents in

respect of an improved process for manufacture of reinforced concrete poles and piles, filed a suit u/s 29(1) of Patents and Designs Act against the defendants for a permanent injunction. Plaintiffs succeeded in proving that the defendants did use for some time in the past the machines covered by the patents; but when the suit was instituted there was no trace of the machines have been found on the defendant's factory. However, there was no conclusive evidence that the defendants did not intend to continue the infringement anymore to grant injunction claimed by the plaintiffs. In those factual matrix of the case, the Division Bench of Patna High Court has taken note of the actual infringement of Patent to imply an intention to continue the infringement.

32. In 2003 (26) PTC 60 Del Mars Incorporated Vs. Kumar Krishna Mukerjee and others, at paragraphs-1, 16 and 28, it was held by the Delhi High Court as follows:

1. This is a Quia Timet suit i.e. action against apprehended or threatened invasion.

.....

16. Quia Timet is actually a Latin word which means "because he fears or apprehends". In legal terminology it has been defined in Osborne's Concise Law Dictionary (London: Sweet and Maxwell, 8th edn. 1993, Bone and Rutherford) as an action by which a person may obtain an injunction to prevent or restrain some threatened act being done which, if done, would cause him substantial damage, and for which money would be no adequate or sufficient remedy.....

28. As the saying goes, the evil should be nipped in the bud so is the nature of Quia Timet Action where the injury is apprehended and the invasion is threatened though no actual injury or damage has been caused.

33. In the revocation petition, appellant has categorically averred expressing their intention to commercially make/use/sell/distribute a generic version of Erlotinib Hydrochloride and that they are intending to make a polymorphic form of the Compound Erlotinib Hydrochloride. The averments in the revocation petition amount to threat of infringement and therefore the respondents/ plaintiffs are entitled to file a quia timet action.

34. The only point falling for consideration is whether such statements made in the revocation petition filed in IPA Board and such transitory cause of action would give rise to a cause of action to invoke the jurisdiction of Madras High Court. If that contention is to be accepted, all revocation petitions filed before IPA Board, which has its registry at Chennai would invariably contain such statements and in all such cases if the jurisdiction of Madras High Court is to be invoked, the Madras High Court would be flooded with the suits for infringement of a Patent.

35. In State of Rajasthan and Others Vs. Swaika Properties and Another, , the Supreme Court held that "cause of action" is the bundle of facts which gives the

plaintiff a right to relief against the defendant; and mere service of notice at the registered office of a Company does not give rise to a cause of action within that territory unless service of such notice was an integral part of the cause of action. In the said judgment, it was held as under:

8. The expression "cause of action" is tersely defined in Mulla's Code of Civil Procedure:

The "cause of action" means every fact which, if traversed, it would be necessary for the plaintiff to prove in order to support his right to a judgment of the Court.

In other words, if it is a bundle of facts which taken with the law applicable to them gives the plaintiff a right to relief against the defendant. The mere service of notice u/s 52(2) of the Act on the respondent at their registered office at 18-B, Bra Bourne Road, Calcutta i.e. within the territorial limits of the State of West Bengal, could not give rise to a cause of action within that territory unless service of such notice was an integral part of the cause of action. The entire cause of action culminating in the acquisition of the land u/s 52(1) of the Act arose within the State of Rajasthan i.e. within the territorial jurisdiction of the Rajasthan High Court at the Jaipur Bench..... If the respondents felt aggrieved by the acquisition of their lands situate at Jaipur and wanted to challenge the validity of the notification issued by the State Government of Rajasthan u/s 52(1) of the Act by a petition under Article 226 of the Constitution, the remedy of the respondents for the grant of such relief had to be sought by filing such a petition before the Rajasthan High Court, Jaipur Bench, where the cause of action wholly or in part arose.

36. In *South East Asia Shipping Co. Ltd. Vs. Nav Bharat Enterprises Pvt. Ltd. and Others*, Supreme Court reiterated that primacy has to be given to the place where the cause of action has in fact arisen. Cause of action must include some act done by the defendant which gives the plaintiff the right to claim relief. In that case the respondents had filed a suit on the original side of the Delhi High Court for perpetual injunction against the appellant restraining him from enforcing a bank guarantee executed at Delhi and transmitted for performance to Bombay. The admitted position was that the contract was executed at Bombay and performance of the contract was also to be carried out in Bombay. In an appeal by Special Leave, the Supreme Court relying upon a judgment in *A.B.C. Laminart Pvt. Ltd. and Another Vs. A.P. Agencies, Salem*, held as follows:

3. It is settled law that cause of action consists of bundle of facts which give cause to enforce the legal injury for redress in a court of law. The cause of action means, therefore, every fact, which if traversed, it would be necessary for the plaintiff to prove in order to support his right to a judgment of the Court. In other words, it is a bundle of facts, which taken with the law applicable to them, gives the plaintiff a right to claim relief against the defendant. It must include some act done by the defendant since in the absence of such an act no cause of action would possibly accrue or would arise. In view of the admitted position that

contract was executed in Bombay, i.e., within the jurisdiction of the High Court of Bombay, performance of the contract was also to be done within the jurisdiction of the Bombay High Court; merely because bank guarantee was executed at Delhi and transmitted for performance to Bombay, it does not constitute a cause of action to give rise to the respondent to lay the suit on the original side of the Delhi High Court. The contention that the Division Bench was right in its finding and that since the bank guarantee was executed and liability was enforced from the bank at Delhi, the Court got jurisdiction, cannot be sustained.

(underlining added)

37. In *Rajasthan High Court Advocates Association v. Union of India and Others*, (2001) 2 SCC 294, the Apex Court emphasized that it was the infraction of the right of "cause of action" determines the place where the "cause of action" arise. The following observations of the Supreme Court are relevant:

The expression "cause of action" has acquired a judicially-settled meaning. In the restricted sense cause of action means the circumstances forming the infraction of the right or the immediate occasion for the action. In the wider sense, it means the necessary conditions for the maintenance of the suit, including not only the infraction of the right, but the infraction coupled with the right itself.

Compendiously the expression means every fact which it would be necessary for the plaintiff to prove, if traversed, in order to support his right to the Judgment of the Court. Every fact which is necessary to be proved, as distinguished from every piece of evidence which is necessary to prove each fact, comprises in "cause of action". It has to be left to be determined in each individual case as to where the cause of action arises.

(Underlining added)

38. In *Union of India and Others Vs. Adani Exports Ltd. and Another*, , while explaining the principle that registered office of a company within the territorial jurisdiction of the Court would not ipso facto give a cause of action to that Court, the Supreme Court reiterated the principle that the entire case pleaded would determine the cause of action and not merely the happening of inconsequential event that would determine the cause of action. In Para No. 17, Apex Court observed as follows;

17. It is seen from the above that in order to confer jurisdiction on a High Court to entertain a writ petition or a special civil application as in this case, the High Court must be satisfied from the entire facts pleaded in support of the cause of action that those facts do constitute a cause so as to empower to court to decide a dispute which has, at least in-part, arisen within its jurisdiction. It is clear for the above judgment that each and every fact pleaded by the respondents in their application does not ipso facto lead to the conclusion that those facts give rise to a cause of action within the court's territorial jurisdiction unless those facts pleaded are such which have a nexus or relevance with the lis that is involved in

the case. Facts which have no bearing with the lis or the dispute involved in the case, do not give rise to a cause of action so as to confer territorial jurisdiction on the court concerned.

39. The expression "cause of action" has acquired a judicially settled meaning. Cause of action consists of bundle of facts, which the plaintiff must prove, in order to get a judgment in his favor. Whether any part of action has occurred within the jurisdiction of the Court would depend upon the facts and circumstances of the case. The statements made in the revocation petition without anything more cannot give rise to a cause of action to invoke jurisdiction of Madras High Court.

40. On behalf of the appellant, it was submitted that the respondents/plaintiffs' trade mark bearing No. 196774 for the compound "Erlotinib Hydrochloride" has been registered in Delhi and that the IPA Board might have hearings only at Delhi. It is pertinent to note that in respect of Patent No. 196774, the Respondents/plaintiffs filed number of infringement suits against other Pharmaceutical companies only in the Delhi High Court as under:

Suit No.

Plaintiff Name

Defendants name

Product Name

C.S.(O.S).No. 89 of 2008 for the relief of permanent injunction restraining the Defendant from infringing the Indian Patent No.1967774

F. Hoffmann-La Roche Limited

Cipla Limited

Polymorph of the Erlotinib Hydrochloride

C.S.(O.S).No. 2465 of 2009 for the relief of infringement of Indian Patent No.196774 in respect of sale and manufacture of a product the mark ERLONAT

F. Hoffmann-La Roche Limited

Natco Pharma Limited

ERLONAT

C.S.(O.S).No. 81 of 2010 for the relief of infringement of Indian Patent No.196774 in respect of sale and manufacture of a product the mark TYROKININ

F. Hoffmann-La Roche Limited

Dr. Reddy's Laboratories and Natco Pharma Limited

TYROKININ

C.S.(O.S).No. 402 of 2010 for the relief infringement of Indian Patent No.196774
in respect of sale and

manufacture of

a separate

product bearing

the mark

ERLEVA

F. Hoffmann-La Roche Limited

Glenmark Pharmaceutical Limited

ERLEVA

41. In paragraph 39 of the plaint, it is stated that the 2nd respondent/2nd plaintiff had received communications from IPA Board at Chennai that a revocation petition against the suit patent - Indian Patent No. 196774 has been filed by the appellant. Respondents seek to maintain the suit in Madras High Court mainly focusing on the ground that the revocation petition was filed at Chennai, which is situated within the territorial jurisdiction of this Court. The filing of revocation petition before IPA Board at Chennai would not ipso facto give rise to a cause of action in the Madras High Court. Merely on the basis of the averments made in the revocation petition, the respondents/plaintiffs cannot invoke the jurisdiction of Madras High Court. Mere filing of revocation petition before IPA Board at Chennai and the averments made thereon cannot give rise to cause of action within the territorial jurisdiction of Original Side of Madras High Court.

42. Clinical Trials said to have been conducted in Lotus Laboratory Pvt. Ltd., Chennai:-Paragraph 44 of the plaint states that Madras High Court has the necessary jurisdiction to try and entertain the present suit since in the recent past appellant has conducted its clinical trials and/or study of its drugs in Lotus Laboratory Pvt. Ltd. as ascertained from the public inspection report of World Health Organization and therefore part of cause of action has arisen within the jurisdiction of this Court and therefore based on the real apprehension that the appellant will clinically test and/or study the drug infringing the respondents' suit patent in the same or similar laboratories situated within the territorial jurisdiction of Madras High Court, the suit has been filed. Drawing our attention to the Public Inspection Report of World Health Organization, Mr.P.S.Raman, learned Senior Counsel for respondents contended that when clinical tests were conducted by Lotus Labs Pvt. Ltd., Chennai on behalf of the appellant, part of cause of action has arisen in Chennai and therefore quia timet action by the respondents/plaintiffs cannot be said to be vague or baseless.

43. By perusal of the typed set of papers (Page Nos.276 to 280), it is seen that

during November -December 2006, the appellant has sponsored clinical test in respect of HA 403 Efavirenz 600 mg Tablets. It is also seen that HA 403 Efavirenz Tablets 600 mg was manufactured by the appellant and the study was conducted in Lotus Labs Pvt. Ltd., # 56, Ragas building, Dr. Radhakrishnan Salai, Opp. CSI Kalyani Hospital, Mylapore, Chennai. The date of inspection was 20th and 21st June, 2008. In June, 2008, public inspection by World Health Organization was performed at Lotus House, No. 07, Jasma Bhavan Road, Millers Tank Bed Area, Opp. Gurunanak Bhavan, Vasanthanagar, Bangalore. It is clearly stated that Lotus Labs Pvt. Ltd., Centre for Clinical and Pharmaceutical Research # 56 (old 116), Ragas Building, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004 was not physically inspected. By perusal of Part 2 - Summary of WHO Public Inspection Report, it is seen that Lotus Labs Pvt. Ltd., Chennai was last physically inspected only in 2005. When there was no physical inspection of the Lab in Chennai in October 2008, it cannot be said that in view of location of Lotus Labs Pvt. Ltd., Chennai and conducting tests in 2005 would give rise to a cause of action to file the suit in Chennai in 2011.

44. Admittedly, the Appellant/Defendant herein has launched the drug, namely, Efavirenz 600 mg tablets and the tablets are tested at Lotus Labs Private Limited and it was manufactured on November 2006. Date of inspection of the drug was conducted on 20 and 21 June 2008. While perusing page-276 of the documents typed set relied upon by the learned counsel for the Respondents/Plaintiffs, name of the organization was mentioned as Lotus Labs Pvt. Ltd. and its physical address, where the inspection was performed, is "Lotus House, No. 07, Jasma Bhavan Road, Millers Tank Bed Area, Opposite Gurunanak Bhavan, Vasanthanagar, Bangalore-560 052, India. Name of the clinical facility sent for testing the drug is Lotus Labs Pvt. Ltd., Centre for Clinical and Pharmaceutical Research at Bangalore. In such circumstances, there is no iota of an evidence or material on the part of the Respondents/Plaintiffs to show that the Appellant/Defendant would conduct the lab test in future only at Lotus Labs Private Limited, Chennai. It is not the case that throughout India, Lotus Labs Private Limited, Chennai, alone is having the facility for conducting test for drugs. In such circumstances, we are of the view that merely because the Appellant/Defendant herein has once launched the drug Efavirenz 600 mg tablets, it will not lead to any conclusion that Appellant/Defendant would conduct the test only at the same laboratory in future and it will be launched at Chennai. In such circumstances, we are of the view that location of Lotus Labs Pvt. Ltd. at Chennai will not give a cause of action to file the suit in the Original Side of Madras High Court.

45. Further, in page-279 of the typed set of documents filed by the Respondents/Plaintiffs would rely the time as in the year 2005, clinical facility was last physically inspected. But there is no evidence to show that even now they are conducting drug test there. In such circumstances, the location of the Lotus Labs Pvt. Ltd. at Chennai will not confer any jurisdiction. The facts pleaded must have nexus on the basis of which the suit prayer can be granted. The facts alleged

regarding clinical test conducted in Lotus Labs Pvt. Ltd., Chennai in 2005-2006 cannot give rise to cause of action to invoke the jurisdiction of the Madras High Court in 2011.

46. The learned Senior Counsel for respondents then contended that the respondents/plaintiffs are the dominus litis and that they have the right to go to Court where they apprehend threat to have their forum conveniens. As laid down by the Supreme Court in the case of Kusum Ingots and Alloys Ltd. Vs. Union of India (UOI) and Another, in appropriate cases, the High Court may refuse to exercise the discretionary jurisdiction by invoking the doctrine of forum conveniens. In the said judgment, the Supreme Court while emphasising that the facts pleaded in the writ petition must have a nexus on the basis of which the writ petition can be granted, in Paragraph No. 30 the Supreme Court held as under:

30. We must, however, remind ourselves that even if a small part of cause of action arises within the territorial jurisdiction of the High Court, the same by itself may not be considered to be a determinative factor compelling the High Court to decide the matter on merit. In appropriate cases, the Court may refuse to exercise its discretionary jurisdiction by invoking the doctrine of forum conveniens. [See Bhagat Singh Bugga Vs. Dewan Jagbir Sawhney, , Madanlal Jalan v. Madanlal AIR 1949 Cal 495, Bharat Coking Coal Ltd. v. Jharia Talkies & Cold Storage (P) Ltd. 1997 CWN 122, S.S. Jain & Co. v. Union of India (1994) 1 CHN 445 and New Horizons Ltd. v. Union of India AIR 1994 Del 126.

47. As elaborated earlier, the facts pleaded by the respondents regarding the Lotus Labs Pvt. Ltd. has no nexus to the suit prayer. Merely because the seat of IPA Board is in Chennai, the filing of revocation petition cannot give rise to cause of action to invoke the jurisdiction of Original Side of Madras High Court. No cause of action, much less a substantial or integral part of cause of action has arisen in Chennai. The learned single Judge was not right in saying that by filing a revocation petition part of cause of action has arisen in Chennai and the impugned order is liable to be set aside.

48. In the result, the order of the learned single Judge dated 19.8.2011 in Application No. 5529 of 2010 in Application No. 5166 of 2010 in C.S.No. 801 of 2010 is set aside and this appeal is allowed. The respondents/plaintiffs are at liberty to move the appropriate Court. However, there is no order as to costs. Consequently, the connected miscellaneous petitions are closed.