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P.VELMURUGAN. J.

This application has been filed by the plaintiffs seeking to decide the issue Nos. (d) and (e) as preliminary issues prior to any other issue in the suit.

2. The case of the applicants/plaintiffs is that they have filed the present suit against the respondent/defendant for permanent injunction; mandatory injunction; delivery of all the infringing stocks and for rendition of accounts.

3. After filing of written statement by the respondent/defendant, this Court had framed the following issues on 19.01.2024:-

(a) Whether the suit is infructuous consequent to expiry of the plaintiffs Patent No.212815?

(b) Whether the supply of Vildagliptin in APA form by the defendant to Egyptian importers was only for scientific research and development purposes as declared by the importers, anticipating the expiry of plaintiffs patent No.212815 on 09.12.2018, as per Section 107-A of the Patents Act or was it for commercial purposes?



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(c) Whether the supplying of Vildagliptin in APA form for scientific, research and development by the defendant violates the undertaking given by the defendant in the earlier proceedings?

(d) Whether the defendant is in violation of the judgment and decree dated 31.07.2015 passed by this Court in the suit C.S.No.329 of 2015?

(e) Whether the defendant is estopped from raising the plea of invalidity of the suit patent IN 212815 by way of defence under Section 107 of the Patents Act, 1970 in view of the decree dated 31.07.2015 passed on the basis of admission in undertaking dated 28.07.2015 furnished before this Court in the suit C.S.No.329 of 2015?

(f) Whether the manufacture, stockpiling and export of Vildagliptin by the defendant amounts to infringement of the suit patent IN212815?

(g) Whether the manufacture and export of Vildagliptin by the defendant falls within the exceptions under Section 107-A of the Patents Act, 1970?

(h) Was not the quantity of Vildagliptin in



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API form supplied to the Egyptian Importers essential for normal clinical trials for each varisation of Vildagliptin or was it excessive?

(i) Was the plaintiffs' patent No.212815 not invalid on account of misrepresentation and lack of disclosure to the patent office under Section 8 of the Patents Act?

(j) Whether Vildagliptin a metabolize is patentable under Section 3(d) of the Patents Act 1970?

(k) Whether the plaintiffs are entitled to damages and in the alternative, rendition of account, as prayed for?

(l) To what other reliefs?

4. After framing issues and pending trial, the plaintiffs have filed the present application stating that in the earlier suit in C.S.No.329 of 2015, the respondent herein is the defendant and in the said suit, the respondent/defendant admitted and accepted the rights of the plaintiff No.1 in the suit patent being IN 212815 and also acknowledged the validity thereof by way of undertaking, dated 28.07.2015. The said undertaking was also recorded by this Court in its judgment and decree dated



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31.07.2015 passed in favour of the plaintiffs. The said judgment and decree attained finality. Despite the aforesaid admissions and prior decree operating against the respondent/defendant, the respondent/ defendant has proposed issue Nos.(i) and (j) challenging the validity of the suit patent IN 212815. The defendant is barred from raising the said issue in view of the admitted position on record. Therefore, the plaintiffs have filed the present application seeking that issue Nos. (d) and (e) be decided as a preliminary issues, prior to leading evidence on any other issues. Further, issue Nos. (d) and (e) relate to the bar and estoppel, operating upon the respondent/defendant, in view of the earlier judgment and decree passed against the respondent/defendant, which has also been admitted by the respondent/defendant. The said issues No.(d) and (e) do not require any evidence to be led and hence, the same may be adjudicated on the basis of the admission made by the respondent/defendant, which are a part of record of this Court. The adjudication of issues Nos.(d) and (e) assumes foundational importance and would result in disposal of the part of the case in respect of the issue of validity of the suit patent IN 212815, which has been raised by the respondent/defendant, vide issues Nos.(i) and (j), in



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as much as there would be no need to lead evidence on the issue Nos. (i) and (j). If the issues Nos. (d) and (e) tried as preliminary issues and hearing the parties thereon prior to any other proceedings, would expedite the disposal of the present suit and save valuable judicial time as well as legal costs. The Provisions of Order XV-A Rule 6 CPC, as applicable to the commercial suits such as the present suit, this Court has ample powers to decide the order in which issues are to be tried, direct a separate trial of any issue, even to exclude an issue from consideration and to dismiss or give judgment on a claim after a decision on a preliminary issue. An Adjudication on issue Nos. (d) and (e) prior to any other issue in the suit, would also determine as to whether the issue Nos. (i) and (j) may even be excluded from consideration. Therefore, the issue Nos. (d) and (e) be tried first, as preliminary issues. The application filed by the applicants/plaintiffs is bona fide and in the interest of justice, no prejudice would be caused to the respondent/defendant, if the same is allowed.

5. The contention of the learned counsel for the applicants/plaintiffs is that the present suit is filed for the relief of injunction, damages, rendition of accounts, delivery up, etc. for infringement of Plaintiff No.1's



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Indian Patent No.212815. After service of summons, the respondent/defendant filed the written statement and also filed a counter claim, questioning the validity of Patent No.212815 and this Court rejected the counter claim filed by the respondent/defendant. Therefore, the present defence or claim of the respondent is barred under res-judicata. Further, once the respondent accepted and acknowledged the validity of the applicant's patent in No.212815, based on which, a decree and judgement was also passed in the earlier suit, and the same is unchallenged, the respondent is estopped from challenging the validity of the suit patent No.212815 by way of defence under Section 107-A of the Patents Act. He would submit that against the rejection order of counter claim, the respondent/defendants filed an appeal before the Division Bench of this Court and the Division Bench also confirmed the same. Therefore, the respondent cannot challenge the validity of the plaintiffs' patent. Therefore, issue Nos. (d) and (e) have to be tried as preliminary issues and no oral evidence is required on these issues and that the same may be adjudicated on the basis of the admission made by the respondent/defendant, which are a part of record of this Court. Therefore,



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this application may be allowed. In support of his contentions, he placed reliance of the judgment of the Hon'ble Supreme Court *in Sathyanath and another Vs. Sarojamani, reported in (2022) 7 SCC 644.*

6. The learned counsel for the respondent/defendant, by filing counter affidavit stated that this applicants/plaintiffs claim that issue Nos.(d) and (e) do not require any evidence to be let in and may be adjudicated on the basis of the admissions made by the respondent/defendant, which are part of the record before this Court. The said claim made by the applicants/plaintiffs is erroneous in law. The Patent under No.212815 was filed based on a provisional specification No.60/030,570, dated 07.11.1996. Thus, the term of the Patent No.212815 ought to be calculated from 07.11.1996, which means the term ended in 07.11.2016 and was valid only upto that date. The respondent/defendant had initially offered for sale Vildagliptin in APA form and in view of C.S.No.329 of 2015 filed by the applicant/plaintiff alleging infringement of their Patent, an undertaking dated 28.07.2015 was given by the respondent/defendant, based on which, a judgment and decree dated 31.07.2015 was passed in C.S.No.329 of 2015. The entire term of the



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patent was for a period of 20 years from 09.12.1998 till 09.12.2018, after which, the patent monopoly ceases, and the invention slips into public domain. To enable making of generic versions of the drug using the API disclosed in the plaintiffs' patent, statutory regulations have to be complied with and it is a common practice in the pharmaceutical industry to prepare the drug carrying out bio- equivalence studies and various stability tests on such generic drugs, to enable the launch of generic drugs the moment the patent lapses. Section 107-A of the Patents Act permits production of the patented product for research purposes, which reads as follows;

["107-A. Certain acts not to be considered as infringement

For the purposes of this Act,

(a) any act of making, constructing, [using, selling or importing] a patented invention solely for uses reasonably related to the development and submission of information required under any law for the time being in force, in India, or in a country other than India, that regulates the manufacture, construction, [use, sale or import] of any product".

(b) ...

shall not be considered as an infringement of patent rights.]



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7. Further, there is no estoppel against a statute and the sale of the quantities, was done in the years 2016 to 2018 to parties, wherein clearly it is mentioned in the invoices itself that such quantities were to be used for Research and Development purposes only. This two year-time frame subsequent to the 2015 Memorandum of Compromise, was only to enable these parties to comply with their research and development and be ready for the launch of the generic version. These have been framed as issue Nos. b, c and d. Furthermore, after the Memorandum of Compromise was signed and prior to the export in 2016, the respondent/defendant had ample time to study the plaintiff's alleged patent and it was clearly found that the plaintiff obtained the Patent No.212815 in India by means of fraud as certain essential mandatory statutory compliances were not met in India and the patent ought not to have been granted on this ground alone. These two grounds have also been framed as Issues Nos.i, and No.j. Therefore, there can be no preliminary determination of issues, without going into trial as the statute permits such sale and the respondent/defendant has legally and lawfully manufactured and exported for research and development



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purposes, as per the provisions of the Patents Act, 1970. At any point of time they are free to manufacture and sell the impugned patented product, if it is found to be contrary to the provisions of law and a prior Memorandum of Compromise is not binding under such cases. The learned counsel also submitted that the decision referred to by the learned counsel for the applicants/plaintiffs itself is against the applicants/plaintiffs and therefore, the application is liable to be dismissed and all the issues to be decided only after trial and there is no need to decide the said issue Nos.(d) and (e) as preliminary issues. Therefore, the application filed by the applicants/plaintiffs is liable to be dismissed.



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8. Heard both sides and perused the materials available on record.

9. Admittedly, the applicants/plaintiffs had earlier filed a suit in C.S.No.329 of 2015 against the very same respondent herein for identical relief and in the said suit, the respondent/defendant has filed an undertaking dated 28.07.2015 stating that, “the defendant has unconditionally agrees and acknowledges the plaintiff No.1 is the registered patentee of Indian Patent No.212815 and the defendant will not either by itself or through its Directors, Group Company, Associates, Divisions, Assigns in business, Licensees, Franchisees, Agents, Distributors and dealers use, manufacture, import, sell, offer for sale, either through website <http://www.nutraforlife.com> or by any other means, exporting, directly or indirectly deal in Active Pharmaceutical Ingredient (API), Pharmaceutical products, or formulation containing Vildagliptin alone or Vildagliptin, in combination with any other compound or API or in any other form, as may amount to infringement of Indian Patent No.212815 of the Plaintiff No.1. Further, the respondent/defendant has also admitted and accepted the rights of the plaintiff No.1 in patent being IN 212815 and acknowledged the validity thereof and prayed that the dispute



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may be resolved, in view of the undertaking given therein and to decree the suit in terms of para 41 of the plaint therein and also has given consent to pass decree in favour of the plaintiffs and against the defendants, based on which, this Court passed the judgment and decree on 31.07.2015. Subsequently the applicants/plaintiffs have filed the present suit against the respondent/defendant for identical relief. In the present suit, the respondent/defendant filed written statement and this Court also based on the pleadings and affidavit of admissions/denial framed issue Nos. (a) to (l) as stated above. Pending suit, the applicant/plaintiff has filed the present application praying to try and decide the issue Nos.(d) and (e) as preliminary issues and to decide the same prior to leading evidence on the other issues.

10. The contention of the applicants/plaintiffs is that in the earlier suit, the respondent/defendant admitted and accepted the rights of the plaintiff No.1 in patent IN 212815 and also acknowledged the validity thereof by way of undertaking dated 28.07.2015. The said undertaking was also recorded by this Court, in its judgment and decree dated 31.07.2015 passed in favour of the plaintiffs. The said judgment and decree has



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attained finality, as the same has not been challenged for any reason. Such being the case, in the present suit, the respondent/defendant has proposed issue Nos.(i) and (j), challenging the validity of the suit patent IN 212815. The respondent cannot take the defence of patent invalidity. The respondent/defendant is barred from raising the said issues, in view of the admitted position on the record. Further, the respondent/defendant filed a counter claim to the present suit and the same was rejected by this Court. Therefore, the admission made by the respondent/defendant in the earlier suit operates as estoppel and the respondent/defendant is barred under res-judicata.

11. According to the respondent/defendant, there is no estoppel against the statute. After the Memorandum of Compromise was signed and prior to the export in 2016, the respondent/defendant found that the plaintiff obtained the Patent No.212815 in India by means of fraud, as certain essential mandatory statutory compliances were not met in India and the patent ought not to have been granted. Hence, the issues Nos.(i) and (j) were framed. Therefore, there is no need to try any issues as preliminary issue and all the issues have to be tried together for trial.



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12. Now, the core question is that whether issue Nos.(d) and (e) can be tried as preliminary issues and the same should be decided prior to leading evidence on the other issues.

13. For better understanding, Order 14 Rule 2 CPC, before amendment by Act 104 of 1976 read as follows;

"2.Issues of law and fact - Where issues both of law and of fact arise in the same suit, and the Court is of opinion that the case or any part thereof may be disposed of on the issues of law only, it shall try those issues first, and for that purpose may, if it thinks fit, postpone the settlement of the issues of fact until after the issues of law have been determined."

14. It is well settled proposition of law that, when a issue is a mixed issues of law and fact, or issue of law depends upon decision of facts, such issue cannot be tried as preliminary issue and also equally it is well settled proposition of law that the plea of res-judicata cannot be decided as a preliminary issue, when it raises mixed issue(s) of law and fact or there are



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disputed question(s) of fact. However, a plea of res-judicata in appropriate cases, may be determined as preliminary issue, only when it raises neither a disputed question of fact nor a mixed question of law and fact.

15. As already stated above, if the above said issues are mixed issues of law and fact, then it cannot be decided as primary issues.

16. Order 14 Rule 2 CPC, after substitution of Rule 2 by Act 104 of 1976, effective from 01.04.1977 reads thus;

ISSUES OF LAW OR ON ISSUES AGREED UPON

2.Court to pronounce judgment on all issues.-

(1) Notwithstanding that a case may be disposed on a preliminary issue, the Court shall, subject to the provisions of sub-rule (2) pronounce judgment on al issues.

(2). Where issues both of law and of fact arise in the same suit, and the Court is of opinion that the case of any part thereof may be disposed on an issue of law only, it may try that issue first if that issue relates to-



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(a) the jurisdiction of the Court, or

*(b) a bar to the suit created by any law for the
time being in force.*

17. Admittedly, in this case, the respondent/defendant has not filed any application to decide the jurisdiction of the Court or as to whether the case of any part thereof may be disposed on an issue of law only.

18. In this case, peculiarly, the plaintiff has filed the present application stating that the admission made by the respondent/defendant in the earlier suit operates as estoppel and the present suit is barred by res-judicata. Admittedly, either of the suit has been filed by the respondent/defendant herein and both the suits have been filed by the applicants/plaintiffs only.

19. In Paragraph No.3 of the counter affidavit, the respondent/defendant has clearly stated the reason for dealing with the plaintiffs' patent. Earlier, the respondent/defendant did not know about the validity of the applicants'/plaintiffs' patent and therefore, they gave the undertaking. Now, in the written statement, they have taken the defence that the earlier suit was not decided on merits between the parties after



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framing of issues.

20. Therefore, strictly speaking, the principles of res-judicata would not be applicable to the present case. The only principle that would apply is "estoppel". Admittedly, the respondent/defendant has given an undertaking in the earlier suit and accepted the validity of the patent of the 1st applicant /1st plaintiff. No doubt, if the admission is purely on facts, the estoppel would operate. However, it is a settled proposition of law that estoppel will not operate against law.

21. Further, whether the earlier admission can be made as estoppel, whether it is a denial of fact or the statutory bar, the same can be decided only after recording the evidence.

22. Order 14 Rule 2 CPC clearly states that "Where issues both of law and of fact arise in the same suit, and the Court is of opinion that the case or any part thereof may be disposed of on the issues of law only". Therefore, whether the admission made by the party is on factual aspects or it is against law, the same can be decided only after trial.

23. When there is a cloud that it is not barred under any law and the question of law alone is involved, it needs to be decided based on the other



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factual aspects. Then the trying of preliminary issues would not arise.

24. Admittedly, there is no dispute regarding jurisdiction of the Court. As already stated above, this application has been filed only by plaintiffs and not by the defendants.

25. On a careful reading of the plaint, written statement, issues framed by this Court and also the counter affidavit, and considering the submissions made by both the parties and also the decisions referred to by the learned counsel for the applicants/plaintiffs, this Court finds that issue Nos.(d) and (e) cannot be decided as preliminary issues. Both the issues are involved based on the issues of fact and law and both the issues also depends upon the decisions on the facts. Therefore, the issue Nos.(d) and (e) cannot be tried as preliminary issues.

26. Accordingly, this application is dismissed. However, there shall be no order as to costs.



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27. Since already pleadings are completed, both the parties are directed to file proof affidavits along with case management schedule on or before 05.07.2024.

28. List the suit for hearing on 10.07.2024.

07.06.2024

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