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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Date of Decision: 31.01.2024

+ **FAO(OS) (COMM) 15/2024 and CAV 43/2024 and CM Nos. 5698/2024, 5699/2024 & 5700/2024**

FREEBIT AS

..... Appellant

Through: Mr Rajeshkhar Rao, Senior Advocate with Mr Aditya Verma, Ms Tanya Varma, Ms Devyani Nath and Mr Prithvi Gulati, Advocates.

versus

EXOTIC MILE PRIVATE LIMITED

..... Respondent

Through: Mr Jayant Mehta, Senior Advocate with Mr Gaurav Miglani, Mr Tarun Gandhi, Mr Sharabh Srivastava, Ms Nanki Aneja and Ms Gaurvi Arora, Advocates.

CORAM:

HON'BLE MR. JUSTICE VIBHU BAKHRU

HON'BLE MS. JUSTICE TARA VITASTA GANJU

VIBHU BAKHRU, J.

1. The appellant has filed the present intra court appeal impugning a judgment dated 14.12.2023 (hereafter '**the impugned judgment**') passed by the learned Single Judge dismissing the appellant's application under Order XXXIX Rule 1 and 2 of the Code of Civil Procedure, 1908 (hereafter '**the CPC**') being IA No. 25074/2023 in CS (COMM) 884/2023 captioned



Freebit AS v. Exotic Mile Pvt. Ltd.

2. The appellant, a corporation incorporated under the laws of Norway, had filed the afore-mentioned suit alleging infringement of its registered patent, which is subject matter of Patent Application No.IN276748 (hereafter referred to as '**the suit patent**' or "**IN'748**") titled "Improved Earpiece". IN'748 was granted to the appellant with effect from 30.05.2008.

3. The appellant claims that it is a world leading supplier of comfortable and secure solutions for in-ear products and has emerged as a pioneer in the field of ergonomically 'C' shaped earphone interface. The appellant claims that it had developed and innovated the 'C' shaped interface with a view to cater to the wave of earphones intended to be worn for an extended period of time. The images of the C shaped earphone interface is set out below:



4. The appellant claims that the respondent, who is engaged in marketing



several technology products including earphones, smart watches, over the ear headphones and speakers under the brand name “Boult”, is infringing the appellant’s IN’748. The appellant claims that the respondent’s website reveals that most of the products offered by it infringe the appellant’s patent IN’748.

5. The learned Single Judge had rejected the appellant’s application, essentially, on two grounds. First, the learned Single Judge found that the appellant had not approached the Court with clean hands and had furnished incorrect information regarding the corresponding international applications in respect of the suit patent and their status in various jurisdictions. The learned Single Judge reasoned that since the appellant had suppressed as well as misrepresented material facts, it was disentitled to any equitable relief.

6. Second, the learned Single Judge held that, *prima facie*, there was a credible challenge to the validity of IN’748. The Court had noticed that there were at least two decisions rendered by courts in different jurisdictions – the decision of the US Federal Court of Appeal in ***Freebit AS v. Boss Corporation dated 08.10.2009 bearing no.18-2365*** and the decision of the UK Patent Court in ***Boss Corporation v. Freebit AS, 2018 (EWHC 889 (Pat))*** – where the validity of the suit patent was successfully assailed. The learned Single Judge held that the respondent on the basis of the aforesaid decisions was able to, *prima facie*, demonstrate that the suit patent may be vulnerable to revocation.

Suppression and Misrepresentation of facts



7. There is no cavil that in terms of the High Court of Delhi Rules Governing Patent Suits, 2022 (hereafter '**Patent Suit Rules**'), it was necessary for the appellant to include a brief summary of international corresponding applications/patent(s); the challenge to the suit patents and the outcome thereof; and the details of International Courts or Tribunals holding or rejecting the validity of the suit patent or a patent, which is substantially in respect of the same invention, amongst other particulars. The relevant extract of Rule 3 of the Patent Suit Rules is set out below:

“3. Content of Pleadings

A. Complaint

The Complaint in an infringement action shall, to the extent possible, include the following aspects:

....

- (iv) Brief summary of international corresponding applications/patent(s) and grant thereof including details of worldwide protection for the invention;
- (v) Brief prosecution history of the suit patent(s);
- (vi) Details of any challenge to the suit patent(s) and outcome thereof;
- (vii) Details of orders, if any, passed by any Indian or international court or tribunal, upholding or rejecting the validity of the suit patent or a patent which is for the same or substantially the same invention;”

8. The learned Single Judge had also referred to Order XI Rule 1 of the CPC as amended by the Commercial Courts Act, 2015, which expressly



required the plaintiff to disclose all relevant documents including those, which are adverse to the plaintiff's case along with its plaint.

9. There is, thus, no dispute that the appellant was required to disclose along with its plaint, information regarding its applications in respect of the suit patent or a patent for substantially the same invention in India as well as in other jurisdictions. The appellant was required to disclose the proceedings in respect of challenge to the grant of patent in India and in other jurisdictions as well as the outcome of such a challenge.

10. In its suit for permanent injunction, the appellant (plaintiff) had disclosed the status of its corresponding foreign applications in respect of the invention covered under the suit patent as under:

“19. Details of the corresponding foreign applications of the Plaintiff are listed below-

S. No.	Name of the Country	Date of Application	Application Number	Status
1.	ARIPO	30/05/2008	AP/P/2009/005049	Pending
2.	Oapi	30/05/2008	1200900400	Pending
3.	Australia	30/05/2008	2008257820	Published
4.	China	30/05/2008	200880018303.9	Pending
5.	Japan	30/05/2008	2010-510247	Pending
6.	Indonesia	30/05/2008	W00200903305	Pending
7.	South Korea	30/05/2008	2009-7024923	Granted
8.	Israel	30/05/2008	202192	Pending
9.	Canada	30/05/2008	2,689,100	Pending



11.	Egypt	30/05/2008	PCT1731/2009	Pending
12.	Eurasia	30/05/2008	2009148293	Pending
13.	New Zealand	30/05/2008	PCT/NO08/00190	Pending
14.	Philippines	30/05/2008	PCT/NO08/00190	Pending
15.	USA	30/05/2008	12/600795	Granted

20. The Plaintiff has licensed the said patent to Boat Lifestyle in India, and to other third parties in US, Japan Australia, South Korea, to name a few, for the purposes of incorporating IN'748 in their respective earphones. Accordingly, in India, the products under the suit patent have been available since 2021. The Plaintiff has earned royalties to the extent of approximately USD 50,000 per quarter in India for IN'748. The suit patent is being enforced in India for the first time.

21. It is submitted that the European patent 2177045 corresponding to IN'748 was revoked at the European Patent office vide order dated 27th April 2018.”

11. During the course of proceedings before the learned Single Judge, the learned counsel for the respondent had produced a statement which clearly reflected that the information as disclosed by the appellant was not correct.

12. In its plaint, the appellant had stated that it had licensed the said patent to third parties in US, Japan, Australia and South Korea, amongst others, for incorporating the suit patent in their respective earphones. However, the learned Single Judge found that the appellant's patent application filed in Japan (bearing Application No.2010-510247), which was reflected as pending in the plaint, had been refused in trial and appeal. The learned Single Judge also noted that the appellant had disclosed the status of



the said application filed in Japan in Form 3 dated 26.03.2016 filed in the Indian Patent Office, as granted and that the same also raised issues regarding the accuracy of the information provided by the appellant to the Indian Patent Office.

13. On a pointed query from this Court, Mr Rajshekhar Rao, learned senior counsel appearing for the appellant had fairly stated that none of the facts as noted by the learned Single Judge were erroneous. He readily conceded that the information as provided in the plaint was erroneous to the extent as noted by the learned Single Judge. He, however, submits that the conclusion drawn by the learned Single Judge that there was active misrepresentation or that information was suppressed to secure interim orders, was ill founded. He submitted that the person responsible for providing the information had incorrectly collated the status of various applications filed by the appellant in various jurisdictions and therefore, the status as disclosed in the plaint, was incorrect. However, there was no *malafide* intention on the part of the appellant.

14. Mr Rao pointed out that the plaint had also disclosed that the appellant's application for European Patent (European Patent 2177045) corresponding to IN'748 was revoked by the European Patent Office by an order dated 27.04.2018. He submitted that the said disclosure clearly established that the appellant had no intention to withhold information regarding revocation of its patent in other jurisdictions. He submitted that the appellant had no reservations to disclosing of relevant facts that were adverse to the case set up by the appellant. He submitted that the fact that



the correct status of the appellant's application for patent in Japan had not been disclosed, was clearly on account of a *bonafide* error.

15. Mr Mehta, learned senior counsel appearing for the respondent countered the said contention. He handed over a tabular statement setting out the correct status of various applications in support of his contention that the discrepancies in the information as provided in the plaint were not on account of any inadvertent error but by mischievous design. The said tabular statement is set out below:

**“CHART SHOWING INTENTIONAL INACCURATE STATUS OF
CORRESPONDING APPLICATIONS PROVIDED BY THE PLAINTIFF**

Country	Application no.	Status in Form 3 dated 24.03.2016 filed by Plaintiff with IPO	Status in Para 19 of Plaint	How it shows the discrepancy is intentional and not inadvertent
Japan	2010-510247	Granted	Pending	Because the Patent was actually invalidated
New Zealand	581187	Granted	Pending	Because the Patent had lapsed
Europe	08766905.7	Granted	Not disclosed	Because the Patent was revoked
Norway	2007 2812	Granted	Not disclosed	Because the Patent had lapsed
South Africa	09/08124	Granted	Not disclosed	Because the Patent had lapsed
China	200880018303.9	Published	Published	Because the Patent was refused
Indonesia	W00200903305	Granted	Pending	Because the Patent had lapsed/ was removed
Israel	202192	Granted	Pending	Because the Patent had lapsed
USA	12/600,795	Granted	Granted	Because the Patent was



				invalidated
USA	14/109,565	Granted	Not disclosed	Because the Patent was invalidated
USA	14/633,813	Pending	Not disclosed	Because the Patent was abandoned
USA	14/790,744	Pending	Not disclosed	Because the Patent was abandoned
ARIPO	AP/P/2009/005049	Granted	Pending	Because the Patent had lapsed
OAPI	1200900400	Granted	Pending	Because the Patent had lapsed
Brazil	PI0811733-0	Pending	Not disclosed	Because the Patent was refused
Egypt	PCT1731/2009	Pending	Pending	Because the Patent was refused
Eurasia	2009148293	Pending	Pending	Because the Patent had been withdrawn
New Zealand	581187	Granted	Pending	Because the Patent had lapsed
Australia	2008257820	Granted	Published	Because the Patent had lapsed/ ceased
Europe**	11188661.0	Granted	Not disclosed	Because the Patent was revoked
Japan	2012-106827	Pending	Not disclosed	Because the Patent was refused
Mexico	MX/A/2009/012680	Granted	Not disclosed	Because the Patent had lapsed
Russia	2009148293	Granted	Not disclosed	Because the Patent had lapsed
Singapore	200907888-2	Granted	Not disclosed	Because the Patent had lapsed
Europe	15179718.0	Pending	Not disclosed	Because the Patent was revoked
Hong Kong	1140349	Pending	Not disclosed	Because the Patent was deemed to be withdrawn”

16. It is relevant to note that although, Mr Rao had contested the contention that the incorrect information was intentionally placed in the



plaint; he did not dispute the status of various applications as reflected in the tabular statement handed over by Mr Mehta.

17. It is material to note that the appellant had disclosed the status of one of its applications filed in the United States of America (USA) as granted, but had not disclosed that the patent had been invalidated. The status of other three applications filed in the USA, which are corresponding to the suit patent, were not disclosed in the plaint. It is not disputed that one of these applications (Application No.14/109,565) was invalidated. The other two applications filed in the US Patent Office that were not disclosed, were abandoned. The appellant had disclosed the status of its corresponding application filed in Japan (Application No.2010-510247) as pending. However, admittedly, the said patent had been invalidated. It is also material to note that appellant had not disclosed the status of its other application (Application No.2012-106827) filed for grant of a patent corresponding to the suit patent, in Japan. The status of that application was disclosed by the appellant in Form 3 dated 26.03.2016 filed with the Indian Patent Office as pending. However, it was not disputed that the said application was refused.

18. There are several other discrepancies in the information as provided by the appellant in its plaint. The fact that the appellant's application for a corresponding patent had been refused by the respective patent offices in Brazil, Egypt, China and Japan; the same had been withdrawn or deemed to have been withdrawn from the patent office in Hong Kong, Eurasia; had been revoked or invalidated in Europe, UK, USA; and had lapsed in various



countries, were relevant for considering the appellant's application for interim relief.

19. Undeniably, the errors as pointed out above are significant and adverse to the appellant's case. Given the vast extent of incorrect presentation, the fact that the appellant had correctly disclosed that its application for European Patent was revoked by the European Patent Office, does not mitigate the overall misrepresentation on the part of the appellant. Revocation of patent in one jurisdiction, while persisting in a large number of jurisdictions would suggest that the case of revocation is just one-of aberration. However, revocation of the patent and refusal to grant the same in several jurisdictions would suggest that there is a serious challenge to the validity of the patent.

20. In view of the above, the conclusion of the learned Single Judge that the appellant had suppressed and misrepresented material facts, cannot be faulted. There is no cavil that an interim relief under Order XXXVII Rule 1 and 2 of the CPC are discretionary reliefs and suppression or misrepresentation of facts by a party disentitles it to such a relief.

21. The learned Single Judge had referred to an earlier decision of this Court in *Satish Khosla vs. M/s Eli Lilly Ranbaxy: 1997 SCC OnLine Del 935*. In this case the Court had rejected the suit on account of the failure to disclose earlier proceedings. In addition, the learned Single Judge had also referred to various authorities where the courts had declined relief on account of misrepresentation on the part of the party seeking relief. There is



no cavil that in cases where a party seeking interim relief has withheld necessary information and misrepresented material facts, it would be disentitled for equitable relief. We are, thus, unable to accept that the learned Single Judge had disregarded any settled principles of law in rejecting the appellant's application for interim relief.

Challenge to the validity of the suit patent.

22. It is also material to note that unlike the Trade Marks Act, 1999, where grant of a trademark leads to a presumption of its validity; grant of patent does not lead to any statutory presumption as to its validity. Thus, if a defendant raises a credible challenge to the validity of the patent, the same is relevant for deciding whether any interim orders restraining the defendant from using the patent in question, is warranted.

23. In the present case, the Court had noted that patents corresponding to the suit patent had been invalidated in various countries. In Japan, it had been refused after a trial. As noted above, there is no dispute that the appellant's applications for grant of patent corresponding to the suit patent had been rejected in various countries. The patent has been invalidated in some of the countries as noticed above.

24. The respondent had entered appearance to contest the grant of interim relief and had relied upon the decisions rendered in other jurisdiction, refusing and/or invalidating the patent corresponding to the suit patent. In the given circumstances, the Court concluded that the defendants did have a



credible challenge to the validity of the suit patent.

The triple test

25. Apart from the *prima facie* case, the learned Single Judge had also found that the balance of convenience was in favour of the appellant. According to the appellant, it had licensed the suit patent to an enterprise in India and the third parties in US, Japan and Australia for incorporating the same in their respective earphones. The appellant had also sought damages, which were quantified at ₹2 crores, on account of alleged infringement of its suit patent. If the appellant succeeds in its action, the appellant can be compensated in terms of money. However, if it was found that the patent was invalid, a grant of injunction restraining the respondent from using the same would have unfairly prejudice the respondent by interdicting its current business. In the given circumstances, the learned Single Judge, after applying the triple test – existence of *prima facie* case, balance of convenience, and irreparable injury – rejected the appellant’s application for interim relief.

26. In *Wander Ltd. v. Antox India (P) Ltd.: 1990 Supp SCC 727*, the Supreme Court had held as under:

“14. The appeals before the Division Bench were against the exercise of discretion by the Single Judge. In such appeals, the appellate court will not interfere with the exercise of discretion of the court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely or where the court had ignored the settled principles of law regulating grant or refusal of



interlocutory injunctions. An appeal against exercise of discretion is said to be an appeal on principle. Appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below if the one reached by that court was reasonably possible on the material. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion.”

27. In the present case, we are unable to accept that the learned Single Judge’s exercise of discretion in declining the interim relief is arbitrary, or in ignorance of settled principles of law. Thus, no interference in the impugned judgment is warranted.

28. The appeal is unmerited and, accordingly, dismissed. All pending applications are also disposed of.

VIBHU BAKHRU, J

TARA VITASTA GANJU, J

JANUARY 31, 2024
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