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

Reserved on: 12th May 2023
Pronounced on: 15th May 2023

+ CS(COMM) 101/2022

ASTRAZENECA AB & ANR. Plaintiffs
Through: Mr. Pravin Anand, Ms. Vaishali
Mittal and Mr. Siddhant Chamola, Advs.

versus

WESTCOAST PHARMACEUTICAL WORKS LIMITED
..... Defendant
Through: Mr. Vikash Khera and Mr. Ved
Prakash, Advs.

CORAM:
HON'BLE MR. JUSTICE C. HARI SHANKAR

J U D G M E N T
15.05.2023

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I.A.21995/2022 (under Order VII Rule 11 of the CPC)

1. This is an application preferred by the defendant Westcoast Pharmaceutical Works Limited under Order VII Rule 11 of the Code of Civil Procedure, 1908 (CPC), seeking rejection of CS (COMM) 101/2022, instituted by the plaintiff Astrazeneca AB.

2. I have heard Mr. Vikas Khera, learned Counsel for the defendant-applicant and Mr. Pravin Anand, learned Counsel for the plaintiff-non applicant, at length.

3. Mr. Khera predicates his case, in this application, on three grounds.

(I) Want of pecuniary jurisdiction

4. Mr Khera first contends that the suit is bad for want of pecuniary jurisdiction, as it is required to be filed before the District Court. Mr. Khera submits that the suit is in the nature of a *quia timet* action, premised on a mere apprehension that the defendant would launch the allegedly infringing product in the market. Relying on the judgment of a Coordinate Single Bench of this Court in ***Toni & Guy Products Ltd. v. Shyam Sunder Nagpal***¹, Mr. Khera submits that a claim for damages is not maintainable in a *quia timet* suit, founded on mere apprehension. Inasmuch as, in the present plaint, the invocation of the jurisdiction of this Court has been sought to be justified, by the plaintiff, solely on the basis of the damages of ₹ 2,00,01,000/- claimed in the suit Mr. Khera submits that, as no damages can be sought in a suit such as the present, the suit would have to be filed before the District Court as, if the claim for damages is excluded, the suit would stand valued only at ₹ 1,000/-.

5. The objection is without substance. ***Toni & Guy***¹, in para 11, clearly notes that, in that case, “admittedly *the defendant has not used the mark and has not invaded the proprietary rights of the plaintiffs in the trademark by either infringing the same or passing off*”. As against this, in the present case, there is a specific allegation that the defendant has started manufacture and is already selling, or in the process of commencing sale, of the infringing products in the market. No more need be averred, and no more need be seen. Order VII Rule 11 is premised on the assertions in the plaint, to be taken on demurrer

¹ 2007 (2014) DLT 309

as correct. Viewed thus, the present case cannot be likened to *Toni & Guy*¹. The analogy is obviously misguided.

6. No case for rejecting the present suit under Order VII Rule 11 for want of pecuniary jurisdiction, therefore, exists.

(II) Want of territorial jurisdiction

7. Mr. Khera next alleges that the suit is bad for want of territorial jurisdiction, as the defendant is located outside Delhi and Plaintiff 1 is in Sweden. Though Plaintiff 1 has a subordinate office, Plaintiff 2, in Delhi, Mr. Khera has predicated his challenge solely on Section 20 of the CPC.

8. In the first place, a defendant cannot seek dismissal, or rejection, of a suit on the ground of want of territorial jurisdiction. Order VII Rule 10 would apply in such a case; nor Order VII Rule 11, and the Court could only be asked to return the suit for presentation before the proper forum.

9. I may note, here, that Mr. Khera, too, did not advance any arguments on the aspect of territorial jurisdiction, as a result of which there was no response from Mr. Anand, either, on that score.

10. The prayer in the application is for rejection of the plaint. Such a prayer cannot be sought on the ground of want of territorial jurisdiction, as want of territorial jurisdiction stands specifically covered by Order VII Rule 10. I do not, therefore, propose to return any finding on the said prayer.

11. Should the defendant so choose, it is at liberty to move a separate application under Order VII Rule 10 of the CPC. Should such an application be moved, it would be decided on its own merits. I have not applied my mind to the issue, as it was never argued even by Mr. Khera, and do not, therefore, return any finding thereon, one way or the other.

(III) The *Aloys Wobben* controversy

12. The second ground on which Mr. Khera seeks dismissal of the present suit is based on para 19 of the judgment of the Supreme Court in *Aloys Wobben v. Yogesh Mehra*², which reads thus:

19. If any proceedings have been initiated by “any person interested”, under Section 25(2) of the Patents Act, the same will eclipse the right of the same person to file a “revocation petition” under Section 64(1) of the Patents Act. And also, to invoke the right granted under Section 64(1) of the Patents Act, to file a “counterclaim” (in response to an “infringement suit” to seek the revocation of a patent). This, in our view, would be the natural effect of the words, “Subject to the provisions contained in this Act ...”, appearing at the beginning of Section 64(1) of the Patents Act. And if, the above meaning is not to be assigned to the words “Subject to the provisions of this Act ...”, they would be redundant and superfluous. It is however not necessary to pay a serious thought to the situation referred to above. The above situation, in our considered view, is unlikely to ever arise. This is because, Section 25 of the Patents Act, inter alia, provides for the procedure for the grant of a patent. The procedure commences with the filing of an application. The second step contemplates publication of the details of the patent sought. The next step envisages the filing of representations by way of opposition (to the grant of the patent). This advances into a determination by the “Controller” to grant or refuse the patent. The decision of the “Controller” leads to the publication of the grant (of the patent). This process finalises the decision of the grant of the patent. *All the same, it does not finally crystallise the right of the patent-holder.* After the grant is published, “any person interested”, can issue a notice of opposition, within one year of the date of publication of the grant

² (2014) 15 SCC 360

of a patent. *If and when, challenges raised to the grant of a patent are disposed of favourably to the advantage of the patent-holder, the right to hold the patent can then and then alone, be stated to have crystallised.* Likewise, if no notice of opposition is preferred within one year of the date of publication of the grant of a patent, the grant would be deemed to have crystallised. Thus, *only the culmination of procedure contemplated under Section 25(2) of the Patents Act bestows the final approval to the patent. Therefore, it is unlikely and quite impossible, that an “infringement suit” would be filed while the proceedings under Section 25(2) are pending, or within a year of the date of publication of the grant of a patent.”*

(Emphasis supplied)

Mr. Khera submits that, in the present case, the suit patent IN 297581 (IN'581) claiming the compound Osimertinib, was granted to the plaintiff on 11th June 2018, whereafter, post grant oppositions were filed by Sunshine Organics Pvt. Ltd. (“Sunshine”) on 14th May 2019 and by Natco Pharma Ltd. (“Natco”) on 10th June 2019, respectively, under Section 25(2)³ of the Patents Act. The present suit was filed

³ (2) At any time after the grant of patent but before the expiry of a period of one year from the date of publication of grant of a patent, any person interested may give notice of opposition to the Controller in the prescribed manner on any of the following grounds, namely:—

(a) that the patentee or the person under or through whom he claims, wrongfully obtained the invention or any part thereof from him or from a person under or through whom he claims;

(b) that the invention so far as claimed in any claim of the complete specification has been published before the priority date of the claim—

(i) in any specification filed in pursuance of an application for a patent made in India on or after the 1st day of January, 1912; or

(ii) in India or elsewhere, in any other document:

Provided that the ground specified in sub-clause (ii) shall not be available where such publication does not constitute an anticipation of the invention by virtue of sub-section (2) or sub-section (3) of Section 29;

(c) that the invention so far as claimed in any claim of the complete specification is claimed in a claim of a complete specification published on or after the priority date of the claim of the patentee and filed in pursuance of an application for a patent in India, being a claim of which the priority date is earlier than that of the claim of the patentee;

(d) that the invention so far as claimed in any claim of the complete specification was publicly known or publicly used in India before the priority date of that claim.

Explanation.—For the purposes of this clause, an invention relating to a process for which a patent is granted shall be deemed to have been publicly known or publicly used in India before the priority date of the claim if a product made by that process had already been imported into India before that date except where such importation has been for the purpose of reasonable trial or experiment only;

(e) that the invention so far as claimed in any claim of the complete specification is obvious and clearly does not involve any inventive step, having regard to the matter published as mentioned in clause (b) or having regard to what was used in India before the priority date of the claim;

(f) that the subject of any claim of the complete specification is not an invention within the meaning of this Act, or is not patentable under this Act;

(g) that the complete specification does not sufficiently and clearly describe the invention or the method by which it is to be performed;

only thereafter on 8th February 2022, when the aforesaid post grant oppositions of Sunshine and Natco were still pending before the learned Controller General of Patents, According to Mr. Khera, para 19 of the decision in *Aloys Wobben*² clearly holds that the right of the plaintiff, to hold the patent, would crystallise only on favourable disposal of the post grant oppositions filed against the patent. The right of the plaintiff to file an infringement suit would only emerge thereafter. He places special reliance on the concluding sentence in para 19 of *Aloys Wobben*², which observes that it is unlikely and quite impossible that an infringement suit would be filed when proceedings under Section 25(2) are pending.

13. Mr. Khera also relies, in this context, on the order of a coordinate Bench of this Court in *Pharmacosmos Holding A/S v. La Renon Healthcare Pvt. Ltd.*⁴. As in the present case, the defendant in *Pharmacosmos Holding*⁴ also sought to dispute the maintainability of the suit, predicated on para 19 of *Aloys Wobben*². Having extracted the said passage, the learned Single Judge in paras 12 to 19 of *Pharmacosmos Holding*⁴, proceeded to observe and hold as under:

“12. I have enquired from the counsel for the defendant no. 2/applicant, who is now the sole defendant, whether there is any screening or stringent admission procedure of a post grant opposition to a patent inasmuch as it is felt that unless there is an stringent admission procedure, mere filing of a post grant

(h) that the patentee has failed to disclose to the Controller the information required by Section 8 or has furnished the information which in any material particular was false to his knowledge;

(i) that in the case of a patent granted on convention application, the application for patent was not made within twelve months from the date of the first application for protection for the invention made in a convention country or in India by the patentee or a person from whom he derives title;

(j) that the complete specification does not disclose or wrongly mentions the source and geographical origin of biological material used for the invention;

(k) that the invention so far as claimed in any claim of the complete specification was anticipated having regard to the knowledge, oral or otherwise, available within any local or indigenous community in India or elsewhere,

but on no other ground.

⁴ 2019 (78) PTC 329

opposition should not be permitted to freeze or keep in abeyance the rights of a patentee.

13. The counsel for the defendant no. 2/applicant states that the Controller of Patents examines the post grant opposition before issuing notice thereof to the patentee.

14. Even if it be so, unless frivolous post grant opposition filed, intended only to freeze the rights of the patentee are dismissed in limine, such a procedure or such an interpretation would cause immense hardship for a patentee.

15. I have also wondered that if a patentee is disentitled from suing for infringement of patent, the moment a post grant opposition to the patent is filed with the Controller of Patents and till pendency thereof, whether not the same will cut into and shorten the statutory term of 20 years of validity of patent. I have thus also enquired, whether the term of validity of patent stands extended by the time taken in disposal of post grant opposition.

16. Though the counsel for the defendant no. 2/applicant states that it follows from the judgment aforesaid but on enquiry whether there is any provision in the statute to the said effect that on filing of post grant opposition, the term of the patent stops running, states that there is no such provision.

17. The counsel for the plaintiff states that the dicta of the Supreme Court in *Aloys Wobben*² *supra*, though cited in innumerable decisions since then, has never been interpreted in such a way and he would like to cite case law in this respect.

18. The counsel for the defendant no. 2/applicant also states that she would like to show the Scheme.

19. *I may otherwise state that the language of para no. 19 of the judgment aforesaid is clear and even though I have entertained doubts as aforesaid but am bound therewith and the plaintiff will perhaps have to approach the Supreme Court.*"

(Emphasis supplied)

14. Mr. Khera has also placed reliance on a judgment of the High Court of Bombay in *Sergi Transformer Explosion Prevention Technologies Pvt. Ltd. v. CTR Manufacturing Industries Ltd.*⁵ ("*Sergi*", hereinafter), as well as the order passed by the Supreme Court on 16th December 2015, whereby Civil Appeals, arising out of

⁵ 2015 SCC OnLine Bom 6984

SLP(C) 34749-34751/2015, which emanated from the said decision, stand disposed of.

15. Mr. Khera's the submission is, therefore, that, in view of what has been held in para 19 of *Aloys Wobben*², neither has the right of the plaintiff to assert the suit patent crystallised as yet, nor can the plaintiff institute an infringement suit at this stage, even while the post grant oppositions filed by Sunshine and Natco are pending.

16. Mr. Pravin Anand, learned Counsel for the plaintiffs, on the other hand, relies on the proviso to Section 11A(3) of the Patents Act, which reads:

“Provided that the applicant shall not be entitled to institute any proceedings for infringement until the patent has been granted.”

Thus, submits Mr Pravin Anand, the only statutory embargo, on initiating an infringement action, is the grant of the patent concerned; in other words, the patentee can institute an infringement action only after the patent is granted. Once the patent is granted, however, there is no restriction whatsoever, in the Patents Act, on the patentee, requiring him to wait even an instant further for initiating action against perceived infringement. He submits that there is no provision, in the Patents Act, which forecloses the right of the patentee to sue for infringement till the expiry of one year from the grant of patent or till the expiry of any post-grant opposition filed after the grant of the patent.

17. Insofar as the decision in *Aloys Wobben*² is concerned, Mr. Pravin Anand submits that the said decision has been distinguished by

two coordinate Benches of this Court in *Novartis AG v. Natco Ltd.*⁶ and *CDE Asia Ltd. v. Terex India Pvt. Ltd.*⁷. Both these decisions, he submits, held that, even if the right to hold a patent crystallises only on the rejection of a post-grant opposition, the right, nonetheless, comes into existence the moment the patent is granted, and once such a right is in existence, the patent holder is entitled to sue for infringement, where he finds it. He is not, in such a situation, required to wait either till the expiry of one year from the date of grant of patent or till the disposal of any post-grant opposition which may have been filed.

18. Besides, Mr. Pravin Anand submits that the issue in controversy in *Aloys Wobben*² was the entitlement of the respondent Yogesh Mehra to file a counter claim, in an infringement suit instituted by the appellant Aloys Wobben against him, even while the earlier revocation petition, filed under Section 64(1)⁸ of the Patents Act, was

⁶ Order dated 2nd May 2019 in CS(Comm) 299/2019

⁷ MANU/DE/0584/2020

⁸ 64. **Revocation of patents.** –

(1) Subject to the provisions contained in this Act, a patent, whether granted before or after the commencement of this Act, may, be revoked on a petition of any person interested or of the Central Government or on a counter-claim in a suit for infringement of the patent by the High Court on any of the following grounds, that is to say, -

(a) that the invention, so far as claimed in any claim of the complete specification, was claimed in a valid claim of earlier priority date contained in the complete specification of another patent granted in India;

(b) that the patent was granted on the application of a person not entitled under the provisions of this Act to apply therefor;

(c) that the patent was obtained wrongfully in contravention of the rights of the petitioner or any person under or through whom he claims;

(d) that the subject of any claim of the complete specification is not an invention within the meaning of this Act;

(e) that the invention so far as claimed in any claim of the complete specification is not new, having regard to what was publicly known or publicly used in India before the priority date of the claim or to what was published in India or elsewhere in any of the documents referred to in Section 13;

(f) that the invention so far as claimed in any claim of the complete specification is obvious or does not involve any inventive step, having regard to what was publicly known or publicly used in India or what was published in India or elsewhere before the priority date of the claim;

(g) that the invention, so far as claimed in any claim of the complete specification, is not useful;

(h) that the complete specification does not sufficiently and fairly describe the invention and the method by which it is to be performed, that is to say, that the description of the method or the instructions for the working of the invention as contained in the complete specification are not by themselves sufficient to enable a person in India possessing average skill in, and average knowledge of, the art to which the invention

pending. Mr. Anand submits that the Supreme Court held that the respondent Yogesh Mehra could not simultaneously prosecute a revocation petition and a counter claim in the suit instituted by Aloys Wobben. It was in this background that the Supreme Court held that the respondent could not file a counter claim, having already elected to file a revocation petition under Section 64(1).

19. Mr. Anand submits that the Supreme Court in *Aloys Wobben*² was never even concerned with the issue of whether an infringement suit could be maintained while a post grant opposition, filed by another party under Section 25(1) of the Patents Act, was pending. Nor, he submits, was such an issue ever raised or argued before the Supreme Court. Mr. Anand submits that, had the Supreme Court intended to hold that, if a revocation petition preferred under Section 25(1) of the Patents Act was pending, no infringement suit could be instituted by the patentee till the disposal of the said revocation petition, it would have so held. There is, submits Mr. Anand, no such

relates, to work the invention, or that it does not disclose the best method of performing it which was known to the applicant for the patent and for which he was entitled to claim protection;

(i) that the scope of any claim of the complete specification is not sufficiently and clearly defined or that any claim of the complete specification is not fairly based on the matter disclosed in the specification;

(j) that the patent was obtained on a false suggestion or representation;

(k) that the subject of any claim of the complete specification is not patentable under this Act;

(l) that the invention so far as claimed in any claim of the complete specification was secretly used in India, otherwise than as mentioned in sub-section (3), before the priority date of the claim;

(m) that the applicant for the patent has failed to disclose to the Controller the information required by Section 8 or has furnished information which in any material particular was false to his knowledge;

(n) that the applicant contravened any direction for secrecy passed under Section 35 or made or caused to be made an application for the grant of a patent outside India in contravention of Section 39;

(o) that leave to amend the complete specification under Section 57 or Section 58 was obtained by fraud;

(p) that the complete specification does not disclose or wrongly mentions the source or geographical origin of biological material used for the invention;

(q) that the invention so far as claimed in any claim of the complete specification was anticipated having regard to the knowledge, oral or otherwise, available within any local or indigenous community in India or elsewhere.

categorical finding, or even observation, in *Aloys Wobben*² in para 19 or elsewhere. He submits that the Supreme Court has deliberately used the word “crystallised”, which is a word of multifarious meanings. Even the concluding observation in para 19 of *Aloys Wobben*², he submits, merely observes that it was unlikely that an infringement suit would be filed even while revocation petitions under Section 25(2) were pending. The said observations, he submits, do not prohibit the filing of such an infringement suit.

20. At the highest, submits Mr. Anand, the observations, in para 19 of *Aloys Wobben*², on which Mr. Khera relies, are merely *obiter dicta* which, according to him, are not binding, as held by the Supreme Court in its recent decision in *Career Institute Educational Society v. Om Shree Thakur Educational Society*⁹.

Analysis

*Aloys Wobben*²

21. The facts in *Aloys Wobben*² need to be noticed. The first appellant before the Supreme Court, Dr. Aloys Wobben, was the intrepid inventor of several patented inventions. Enercon India Ltd (“Enercon”, hereinafter) filed 19 revocation petitions before the erstwhile Intellectual Property Appellate Board (IPAB), seeking revocation of 19 patents granted to Aloys Wobben. Later, Aloys Wobben filed, on the other hand, 10 infringement suits against Enercon, alleging infringement, by Enercon, of his patents. Enercon filed counterclaims in the said suits instituted by Aloys Wobben,

⁹ 2023 SCC OnLine SC 586

seeking, in each case, revocation of the patent asserted in the concerned suit. Additionally, Enercon filed four more revocation petitions, seeking revocation of Aloys Wobben's patents. The position that emerged was, therefore, that 23 revocation petitions were filed by Enercon against Aloys Wobben, 10 infringement suits were filed by Aloys Wobben against Enercon and, in each of the said 10 infringement suits, Enercon had filed counterclaims, seeking revocation of the patent asserted in the suit.

22. Undisputedly, therefore, no post-grant opposition had been filed, challenging any of the patents granted to Aloys Wobben.

23. Though various issues have been identified by the Supreme Court, principally, the question that arose for consideration was whether Enercon could maintain, simultaneously, the revocation petitions, filed by it under Section 64(1) of the Patents Act before the institution of the suit by Aloys Wobben, and the counterclaims filed by it in the suits instituted by Aloys Wobben, in respect of the same patents.

24. The Supreme Court noticed, at the outset, the fact that, once the patent was granted, the grant could be contested and opposed either by way of a revocation petition under Section 64(1) or a post-grant opposition under Section 27(2) of the Patents Act. While a revocation petition could be instituted only by a "person interested", a post-grant opposition could be laid by "any person". That distinction need not, however, detain us in the present case.

25. Additionally, the grant of a patent could also be challenged by

way of a counter claim, in the event of an infringement suit being instituted by the patentee. Thus, observed the Supreme Court, a granted patent was vulnerable to challenge from three flanks.

26. It is in this background that para 19 of *Aloys Wobben*² has to be appreciated. Vivisected into its elements, it is seen that, in para 19, the Supreme Court has held that

- (i) a person who has filed a post-grant opposition to a patent, under Section 25(2) of the Patents Act, cannot, thereafter, file either a revocation petition, challenging the same patent, under Section 64(1), or a counter claim in any infringement suit instituted by the patentee (as Section 64 has been made subject to other provisions of the Patents Act),
- (ii) the “decision of the grant of the patent” is finalised on the publication of the grant of the patent, consequent on the decision of the Controller to that effect,
- (iii) the publication of the grant of the patent does not, however, crystallise the right of the patentee,
- (iv) the right of the patentee to hold the patent can be said to be crystallised only when “challenges raised to the grant of the patent”, by way of post-grant opposition under Section 27(2), “are disposed of favourably to the advantage of the patent holder”, or, in the alternative, if no such post-grant opposition is filed, then, on the expiry of one year from the date of grant of the patent
- (v) “only the culmination of procedure contemplated under Section 25(2) of the Patents Act bestows the final approval to the patent”,
- (vi) “therefore, it is unlikely and quite impossible, that any

infringement suit would be filed by the proceedings under Section 25(2) are pending, or within a year of the date of publication of the grant of a patent”.

27. I am entirely in agreement with Mr. Pravin Anand in his submission that there is no provision, in the Patents Act, which inhibits a patentee, to whom a patent has been granted, to forthwith sue for infringement, where he perceives infringement to be taking place. Equally, I agree that there is no provision in the Patents Act which requires the patentee to wait for a period of one year from the grant of the patent, or, in the event any post-grant opposition has been filed within the said period of one year, for the favourable culmination of the proceedings following such post-grant opposition, before suing for infringement of the patent.

28. To supplement what Mr. Anand states, I may also observe that, if a patentee, to whom a patent stands granted, has to wait, as aforementioned, before suing a perceived infringer, it may result in complete deprivation, to the patentee, of the right to protection against infringement of the patent. Mr. Anand is correct in his submission that the proviso to Section 11A of the Patents Act only forbears institution of an infringement suit till a patent is granted. The corollary would, therefore, be that, once the patent is granted, an infringement suit could be instituted. This would appear logical, and in accordance with the objective of the Patents Act itself. Requiring the patentee to wait for a year before instituting infringement proceedings would, clearly, provide an open field to infringers, to blatantly infringe the patent during the said period of one year, with the patentee having no legal remedy thereagainst.

29. But what, then, of para 19 of *Aloys Wobben*²?

30. Before grappling with that issue, it is necessary to refer to the order of the learned Single Judge of this Court in *Pharmacosmos Holding*⁴, and to the judgments/orders passed at various stages in *Sergi*⁵.

*Pharmacosmos Holding*⁴

31. Paras 11 to 19 of *Pharmacosmos Holding*⁴ read thus:

“11. The counsel for the defendant no. 2/applicant states that post grant opposition to the subject patent of the plaintiff, filed prior to institution of the suit, is pending consideration before the Controller of Patents and per para no. 19 of *Aloys Wobben*² (as under), this suit for infringement of patent does not lie till the decision of the said post grant opposition.

“19. If any proceedings have been initiated by “any person interested”, under Section 25(2) of the Patents Act, the same will eclipse the right of the same person to file a “revocation petition” under Section 64(1) of the Patents Act. And also, to invoke the right granted under Section 64(1) of the Patents Act, to file a “counter-claim” (in response to an “infringement suit”, to seek the revocation of a patent). This, in our view, would be the natural effect of the words, “Subject to the provisions contained in this Act.....”, appearing at the beginning of Section 64(1) of the Patents Act. And if, the above meaning is not to be assigned to the words “Subject to the provisions of this Act.....”, they would be redundant and superfluous. It is however not necessary to pay a serious thought to the situation referred to above. The above situation, in our considered view, is unlikely to ever arise. This is because, Section 25 of the Patents Act, inter alia, provides for the procedure, for the grant of a patent. The procedure commences with the filing of an application. The second step contemplates publication of the details of the patent sought. The next step envisages, the filing of representations by way of opposition (to the grant of the patent). This advances into a determination by the “Controller”, to grant or refuse the patent. The decision of the “Controller”, leads to the publication of the grant (of

the patent). This process finalises the decision of the grant of the patent. All the same, it does not finally crystallise the right of the patent holder. After the grant is published, “any person interested”, can issue a notice of opposition, within one year of the date of publication of the grant of a patent. If and when, challenges raised to the grant of a patent are disposed of favourably, to the advantage of the patent holder, the right to hold the patent can then and then alone, be stated to have crystallized. Likewise, if no notice of opposition is preferred, within one year of the date of publication of the grant of a patent, the grant would be deemed to have crystallized. Thus, only the culmination of procedure contemplated under Section 25(2) of the Patents Act, bestows the final approval to the patent. Therefore, it is unlikely and quite impossible, that an “infringement suit” would be filed, while the proceedings under Section 25(2) are pending, or within a year of the date of publication of the grant of a patent.”

(emphasis added)

12. I have enquired from the counsel for the defendant no. 2/applicant, who is now the sole defendant, whether there is any screening or stringent admission procedure of a post grant opposition to a patent inasmuch as it is felt that unless there is an stringent admission procedure, mere filing of a post grant opposition should not be permitted to freeze or keep in abeyance the rights of a patentee.

13. The counsel for the defendant no. 2/applicant states that the Controller of Patents examines the post grant opposition before issuing notice thereof to the patentee.

14. Even if it be so, unless frivolous post grant opposition filed, intended only to freeze the rights of the patentee are dismissed *in limine*, such a procedure or such an interpretation would cause immense hardship for a patentee.

15. I have also wondered that if a patentee is disentitled from suing for infringement of patent, the moment a post grant opposition to the patent is filed with the Controller of Patents and till pendency thereof, whether not the same will cut into and shorten the statutory term of 20 years of validity of patent. I have thus also enquired, whether the term of validity of patent stands extended by the time taken in disposal of post grant opposition.

16. Though the counsel for the defendant no. 2/applicant states that it follows from the judgment aforesaid but on enquiry whether there is any provision in the statute to the said effect that on filing of post grant opposition, the term of the patent stops running, states that there is no such provision.

17. The counsel for the plaintiff states that the dicta of the Supreme Court in *Aloys Wobben*² *supra*, though cited in innumerable decisions since then, has never been interpreted in such a way and he would like to cite case law in this respect.

18. The counsel for the defendant no. 2/applicant also states that she would like to show the Scheme.

19. *I may otherwise state that the language of para no. 19 of the judgment aforesaid is clear and even though I have entertained doubts as aforesaid but am bound therewith and the plaintiff will perhaps have to approach the Supreme Court.*

20. On request, list on 26th July, 2019.”
(Emphasis in para 19 supplied)

32. In placing reliance on para 19 of *Pharmacosmos Holding*⁴, it is clear that Mr. Khera is merely clutching at straws. Para 19 is no more than an expression of reflection, that too inconclusive – as is apparent by the use of the word “perhaps” – in an order passed at the interlocutory stage in the proceedings in the case. I am informed that the suit in *Pharmacosmos Holding*⁴ was finally disposed of, on compromise. Be as it may, the observations contained in para 19 of *Pharmacosmos Holding*⁴ are clearly completely bereft of any precedential value. The discomfort experienced by the learned Single Judge, even while entering the said tentative observation in para 19, is starkly apparent from the paragraphs which precede it. As has been observed in the said paragraphs, in the absence of a stringent admission procedure, which permits *in limine* rejection of frivolous objections, it would be hazardous, and greatly prejudicial to the patentee, if he is required to tolerate infringement for a period of one year even after having been granted the patent. As the learned Single Judge also notes, in such a situation, the life of the patent, which is only 20 years, would stand curtailed by the period for which the patentee has thus to tolerate infringement, be it one year (where no

post-grant opposition is filed within the said period) or, worse still, an indeterminate period which would be consumed in disposal of the post-grant opposition (where a post-grant opposition is filed within one year).

33. If, therefore, one is to take stock of the tentative observation contained in para 19, equal respect must be paid to the musings contained in the preceding paragraphs of *Pharmacosmos Holding*⁴; more precisely, paras 12 to 17.

34. At the same time, even if para 19 of *Aloys Wobben*² were to be accorded the interpretation which Mr. Khera suggests, the Court would further have to examine the precedential value of the said paragraph, and the contention, advanced by Mr. Pravin Anand, that the observations contained therein are only *obiter dicta*.

*Sergi*⁵

35. At the outset, it must be noticed that, like *Pharmacosmos Holding*⁴, the order dated 1st December, 2015, of the Division Bench of the High Court of Bombay in *Sergi*⁵, cited by Mr. Khera, is also an interlocutory order, admitting the appeal and granting interim injunction.

36. In *Sergi*⁵, Sergi Transformer Explosion Prevention Technologies Pvt Ltd, the appellant before the Division Bench of the High Court, was sued by the respondent CTR Manufacturing Industries Ltd (“CTR”), *vide* Suit 1/2010 (subsequently renumbered 448/2012), for infringement of Indian Patent 202302 (IN’302). *Sergi*

filed a counter-claim in the said suit. On 23rd October 2015, a learned Single Judge of the High Court granted interlocutory injunction, restraining Sergi from using IN'302 in any manner, opining that such use would infringe the patent. Sergi appealed to the Division Bench.

37. Sergi advanced, as one of the contentions before the Division Bench, the plea that Sergi had filed a post-grant opposition to IN'302, which was pending. Relying on para 19 of *Aloys Wobben*², it was contended that the suit instituted by CTR was “impossible and not maintainable”. Other contentions advanced by Sergi are not of relevance in the present case. Needless to say, CTR, in its response, disputed the applicability, to the facts of the case, of para 19 of *Aloys Wobben*².

38. The learned Single Judge, in the order under appeal before the Division Bench, had, apropos para 19 of *Aloys Wobben*², noted that the litigation before him was precisely of the nature which the Supreme Court had said was unlikely to arise, where, simultaneously, a post-grant opposition, revocation proceedings and a counterclaim, instituted by Sergi, against IN'302, were pending. He proceeded to observe that “if the grant of patent is not be terminated and does not yield an injunction for the asking, it must follow that the mere pendency of a counterclaim, oppositions or revocation applications cannot defeat an injunction claim either”.

39. Noting that the revocation proceedings, instituted by Sergi against IN'302 were pending before the Controller of Patents, during which period Sergi had been manufacturing transformers and selling in the market, the Division Bench, while opining that Sergi had raised

substantial issues on merits and in law, proceeded to admit the appeal and, by way of *ad interim* relief, stayed the order dated 23 October 2015 of the learned Single Judge. To the extent it is relevant for our purposes, the judgment of the Division Bench issued the following directions:

- “(i) The appeal is admitted.
- (ii) By way of ad interim relief we direct that interim order passed by the learned Single Judge dated 23rd October, 2015 would stand stayed.
- (iii) The appellant is entitled to continue to manufacture and deal in transformers.”

40. CTR carried the matter to the Supreme Court, by way of SLP (C) 34749-34751/2015. The Supreme Court observed, at the outset, thus:

“On going through the order of the Division Bench it transpires that the Division Bench has not looked into the merits of the respective contentions of the parties and has only gone by the fact that insofar as grant of patent in question to the appellant is concerned, the respondent has filed objections thereto under Section 25(2) of the Patents Act which are pending before the Controller of Patents and on this ground alone the order passed by the learned Single Judge is stayed.”

The Supreme Court proceeded to set aside the judgment of the Division Bench of the High Court of Bombay, to the extent it stayed the order of injunction granted by the learned Single Judge, and to substitute directions (ii) and (iii) in the judgment of the Division Bench [reproduced in para 39 *supra*] with the following direction:

“Till the Notice of Motion (Exhibit 5) and other applications are not disposed of by learned Single Judge, the appellant (defendant in the Suit) will continue manufacture and sale of its products as per its patent but without infringing the patent of respondent No. 1 plaintiff of the suit, in accordance with the undertaking already given by it before the learned Single Judge on 15th November, 2011.”

41. Effectively, therefore, the Supreme Court restored the interlocutory injunction against infringement of CTR's patent IN'305, as granted by the learned Single Judge, even while the post-grant opposition by Sergi against the suit patent of CTR, under Section 25(2) of the Patents Act, was pending before the Controller of Patents.

The plea of *obiter*

42. Mr. Pravin Anand sought to contend that the issue in controversy before the Supreme Court in *Aloys Wobben*² was whether Enercon, having already applied for revocation of Aloys Wobben's patents, could maintain counter-claims, seeking revocation of the very same patents, in the infringement suits instituted by Aloys Wobben against it. Thus, contends Mr. Anand, no post grant opposition, under Section 27(2) of the Patents Act was ever in issue in *Aloys Wobben*². Nor were any arguments addressed, before the Supreme Court, on whether a patentee was required to wait for one year, or till the culmination of a post grant opposition proceeding in his favour, before filing an infringement suit. Even if, therefore, para 19 of *Aloys Wobben*² were to be interpreted as Mr. Khera suggests, Mr. Pravin Anand submits that the observations to that effect, contained in the said paragraph, have to be regarded as *obiter dicta*, and not as part of the *ratio decidendi* of the judgment. *Obiter dicta*, he submits, do not bind, for which purpose he cites *Career Institute Educational Society*⁹.

The Judgment in *Career Institute Educational Society*⁹

43. The decision dated 24th April 2023 of the Supreme Court in *Career Institute Educational Society*⁹ arose out of a judgment dated 23rd January 2023, passed by a learned Single Judge of the High Court of Punjab in *Om Shree Thakurji Educational Society v. Career Institute Educational Society*¹⁰, which was a petition instituted by Om Shree Thakurji Educational Society (“OSTES” hereinafter) under Section 11 of the Arbitration and Conciliation Act, 1996, (“the 1996 Act”), seeking appointment of an arbitrator. The dispute arose out of two lease agreements whereby certain premises had been leased out to Career Institute Educational Society (“CIES” hereinafter) by OSTES. Among the contentions advanced before the High Court by CIES was the plea that the arbitration agreement was not duly stamped. On this point, the High Court observed that the Supreme Court had, in *Garware Wall Ropes Ltd v. Coastal Marine Constructions & Engineering Ltd.*¹¹ held, following its earlier decision in *SMS Tea Estates Pvt. Ltd. v. Chandmari Tea Co. Pvt. Ltd.*¹², that an arbitration clause in an unstamped document was non-existent and unenforceable till the matter of stamp duty was adjudicated and paid on the contract. In a subsequent decision in *Vidya Drolia v. Durga Trading Corpn.*¹³, the Supreme Court approved *Garware Wall Ropes*¹¹. *Garware Wall Ropes*¹¹ and *SMS Tea Estates*¹² were, however, overruled in *N.N. Global Mercantile (P) Ltd. v. Indo Unique Flame Ltd.*¹⁴ which, on this aspect, also doubted the view taken in *Vidya Drolia*¹³ and referred the matter to the Constitution Bench. In these circumstances, the High Court held that, as the issue stood referred to the Constitution Bench, an arbitrator was being appointed.

¹⁰ Arbitration Case No. 216/2021

¹¹ (2019) 9 SCC 209

¹² (2011) 14 SCC 66

¹³ (2021) 2 SCC 1

¹⁴ (2021) 4 SCC 379

44. Before the Supreme Court, CIES again pressed into service, *Vidya Drolia*¹³. After extracting the relevant passages from the decision in *Vidya Drolia*¹³, the Supreme Court held that, in the said decision, it had not examined or decided the effect, on the arbitration agreement, of the underlying contract being unstamped or understamped. The said issue not having been decided in *Vidya Drolia*¹³, the Supreme Court held that *Vidya Drolia*¹³ could not be regarded as a precedent on that point. It is in these circumstances that the Supreme Court entered the following observations and findings:

“3. The judgment in *Vidya Drolia*¹³ did not examine and decide the issue of effect of unstamped or under-stamped underlying contract on the arbitration agreement. As this issue and question has not been decided in *Vidya Drolia*¹³, the decision is not a precedent on this question.

4. *Vidya Drolia*¹³ did refer to the judgment in the case of *Garware Wall Ropes*¹¹, but in a different context, as is evident from paragraphs 146 and 147.1 of the judgment in *Vidya Drolia*¹⁴, which are reproduced below:

“146. We now proceed to examine the question, whether the word “existence” in Section 11 merely refers to contract formation (whether there is an arbitration agreement) and excludes the question of enforcement (validity) and therefore the latter falls outside the jurisdiction of the court at the referral stage. On jurisprudentially and textualism it is possible to differentiate between existence of an arbitration agreement and validity of an arbitration agreement. Such interpretation can draw support from the plain meaning of the word “existence”. However, it is equally possible, jurisprudentially and on contextualism, to hold that an agreement has no existence if it is not enforceable and not binding. Existence of an arbitration agreement presupposes a valid agreement which would be enforced by the court by relegating the parties to arbitration. Legalistic and plain meaning interpretation would be contrary to the contextual background including the definition clause and would result in unpalatable consequences. A reasonable and just interpretation of “existence” requires understanding the context, the purpose and the relevant legal norms applicable for a binding and enforceable arbitration agreement. An agreement evidenced in writing has no meaning unless the parties can be compelled to adhere and abide by the terms. A party cannot

sue and claim rights based on an unenforceable document. Thus, there are good reasons to hold that an arbitration agreement exists only when it is valid and legal. A void and unenforceable understanding is no agreement to do anything. Existence of an arbitration agreement means an arbitration agreement that meets and satisfies the statutory requirements of both the Arbitration Act and the Contract Act and when it is enforceable in law.

147.1. In *Garware Wall Ropes*¹¹, this Court had examined the question of stamp duty in an underlying contract with an arbitration clause and in the context had drawn a distinction between the first and second part of Section 7(2) of the Arbitration Act, albeit the observations made and quoted above with reference to “existence” and “validity” of the arbitration agreement being apposite and extremely important, we would repeat the same by reproducing para 29 thereof : (SCC p. 238)

“29. This judgment in *United India Insurance Co. Ltd. v. Hyundai Engg. & Construction Co. Ltd.*¹⁵, is important in that what was specifically under consideration was an arbitration clause which would get activated only if an insurer admits or accepts liability. Since on facts it was found that the insurer repudiated the claim, though an arbitration clause did “exist”, so to speak, in the policy, it would not exist in law, as was held in that judgment, when one important fact is introduced, namely, that the insurer has not admitted or accepted liability. Likewise, in the facts of the present case, it is clear that the arbitration clause that is contained in the subcontract would not “exist” as a matter of law until the sub-contract is duly stamped, as has been held by us above. The argument that Section 11(6-A) deals with “existence”, as opposed to Section 8, Section 16 and Section 45, which deal with “validity” of an arbitration agreement is answered by this Court's understanding of the expression “existence” in *Hyundai Engg.*¹⁵ case, as followed by us.”

Existence and validity are intertwined, and arbitration agreement does not exist if it is illegal or does not satisfy mandatory legal requirements. Invalid agreement is no agreement.

¹⁵ (2018) 17 SCC 607

5. It is apparent from the aforementioned paragraphs in *Vidya Drolia*¹³ that reference to the decision in *Garware Wall Ropes*¹¹ was made to interpret the word ‘existence’, and whether an ‘invalid’ arbitration agreement, can be said to exist? This examination was to decide “who decides existence of an arbitration agreement” in the context of Sections 8 and 11 of the Arbitration and Conciliation Act, 1996.

6. The distinction between *obiter dicta* and *ratio decidendi* in a judgment, as a proposition of law, has been examined by several judgments of this Court, but we would like to refer to two, namely, *State of Gujarat v. Utility Users' Welfare Association*¹⁶ and *Jayant Verma v. Union of India*¹⁷.

7. The first judgment in *State of Gujarat*¹⁶ applies what is called, “the inversion test” to identify what is *ratio decidendi* in a judgment. To test whether a particular proposition of law is to be treated as the *ratio decidendi* of the case, the proposition is to be inverted, i.e. to remove from the text of the judgment as if it did not exist. If the conclusion of the case would still have been the same even without examining the proposition, then it cannot be regarded as the *ratio decidendi* of the case.

8. In *Jayant Verma*¹⁷, this Court has referred to an earlier decision of this Court in *Dalbir Singh v. State of Punjab*¹⁸ to state that it is not the findings of material facts, direct and inferential, but the statements of the principles of law applicable to the legal problems disclosed by the facts, which is the vital element in the decision and operates as a precedent. Even the conclusion does not operate as a precedent, *albeit* operates as *res judicata*. Thus, it is not everything said by a Judge when giving judgment that constitutes a precedent. The only thing in a Judge's decision binding as a legal precedent is the principle upon which the case is decided and, for this reason, it is important to analyse a decision and isolate from it the *obiter dicta*.”

45. If one juxtaposes the judgment of the High Court with the order of the Supreme Court, it is apparent that the High Court did not choose to examine the effect, on an arbitration clause in the contract, of the underlying contract being unstamped or understamped. The High Court merely held that, as this issue stood referred to a

¹⁶ (2018) 6 SCC 21

¹⁷ (2018) 4 SCC 743

¹⁸ (1979) 3 SCC 745

Constitution Bench in *N.N. Global*¹⁴, there was no need to defer the prayer for appointment of an arbitrator.

46. The Supreme Court held that, in *Vidya Drolia*¹³, the issue of the effect, on an arbitration clause, of the underlying agreement being unstamped or understamped, was never decided or pronounced upon. It was in this backdrop that the Supreme Court held that what was binding, in a decision of the Supreme Court, was its *ratio decidendi*, and not its *obiter dicta*. The High Court not having chosen to examine the plea that the arbitration agreement was unenforceable, as it was contained in an unstamped/understamped document, the finding of an *obiter dictum*, in a judgment of the Supreme Court, not being binding, as returned in *Career Institute Educational Society*⁹ was apparently in the context of whether, on this point, the decision in *Vidya Drolia*¹³ was a binding precedent on the Bench hearing the SLP in *Career Institute Educational Society*⁹. The decision in *Career Institute Educational Society*⁹ cannot, therefore, be straightaway regarded as an authority on the issue of whether an *obiter dictum*, in a judgment of the Supreme Court, has binding precedential value on authorities lower in the judicial hierarchy. *Career Institute Educational Society*⁹ is, however, an authority on how to identify the *obiter dictum* in a judgment.

47. Applying the inversion test, as advocated in *Career Institute Educational Society*⁹, it is clear that para 19 of *Aloys Wobben*², in its entirety, is *obiter*, as, even if para 19 were to be removed from the judgment, its conclusion would remain unchanged.

48. A detailed examination of the precedential worth of the *ratio*

decidendi and the *obiter dictum* in a judgment of the Supreme Court, in the backdrop of Article 141 of Constitution of India, was undertaken in *Director of Settlements v. M.R. Apparao*¹⁹. The following statement of the law, in para 7 of the report, crystallises the law on the point:

7. So far as the first question is concerned, Article 141 of the Constitution unequivocally indicates that the law declared by the Supreme Court shall be binding on all courts within the territory of India. The aforesaid Article empowers the Supreme Court to declare the law. It is, therefore, an essential function of the Court to interpret a legislation. *The statements of the Court on matters other than law like facts may have no binding force as the facts of two cases may not be similar. But what is binding is the ratio of the decision and not any finding of facts. It is the principle found out upon a reading of a judgment as a whole, in the light of the questions before the Court that forms the ratio and not any particular word or sentence.* To determine whether a decision has “declared law” it cannot be said to be a law when a point is disposed of on concession and *what is binding is the principle underlying a decision. A judgment of the Court has to be read in the context of questions which arose for consideration in the case in which the judgment was delivered. An “obiter dictum” as distinguished from a ratio decidendi is an observation by the Court on a legal question suggested in a case before it but not arising in such manner as to require a decision. Such an obiter may not have a binding precedent as the observation was unnecessary for the decision pronounced, but even though an obiter may not have a binding effect as a precedent, but it cannot be denied that it is of considerable weight. The law which will be binding under Article 141 would, therefore, extend to all observations of points raised and decided by the Court in a given case.*”

(Emphasis supplied)

The Supreme Court has, therefore, in para 7 of the *Director of Settlements*¹⁹, held that

- (i) statements of the Court on matters other than law, like facts, have no binding force,
- (ii) it is the ratio of a decision which binds, not findings of fact,

¹⁹ 2002 4 SCC 638

- (iii) the ratio of the decision has to be gleaned upon a reading of the judgment as a whole, in the light of the questions before the Court, and cannot be discerned by relying on any particular word or sentence,
- (iv) what is binding is the principle underlying a decision,
- (v) a judgment of a court has to be read in the context of the questions which arose for consideration in the case,
- (vi) an *obiter dictum*, as distinguished from *ratio decidendi*, is an observation by the court on a legal question suggested in a case before it but not arising in such a manner as to require a decision,
- (vii) as an *obiter dictum* is unnecessary for the decision pronounced, it may not have binding precedential value,
- (viii) even though *obiter* may not have binding precedential value, it cannot be denied that it is of considerable weight and
- (ix) the law which binds under Article 141 would extend to all observations on points raised and decided by the Court in a given case.

49. There is considerable fluidity in judicial opinion regarding the precedential value of *obiter dicta* of the Supreme Court, on authorities lower in the judicial hierarchy. In *Arun Kumar Aggarwal v. State of Madhya Pradesh*²⁰, the Supreme Court observes thus:

“24. At this stage, it is pertinent to consider the nature and scope of a mere observation or obiter dictum in the order of the Court. The expression “obiter dicta” or “dicta” has been discussed in American Jurisprudence 2d, Vol. 20, at p. 437 as thus:

“74. Dicta

²⁰ (2014) 13 SCC 707

Ordinarily, a court will decide only the questions necessary for determining the particular case presented. But once a court acquires jurisdiction, all material questions are open for its decision; it may properly decide all questions so involved, even though it is not absolutely essential to the result that all should be decided. It may, for instance, determine the question of the constitutionality of a statute, although it is not absolutely necessary to the disposition of the case, if the issue of constitutionality is involved in the suit and its settlement is of public importance. An expression in an opinion which is not necessary to support the decision reached by the court is dictum or obiter dictum.

‘Dictum’ or ‘obiter dictum’ is distinguished from the holding of the court in that the so-called ‘law of the case’ does not extend to mere dicta, and mere dicta are not binding under the doctrine of stare decisis.

As applied to a particular opinion, the question of whether or not a certain part thereof is or is not a mere dictum is sometimes a matter of argument. And while the terms ‘dictum’ and ‘obiter dictum’ are generally used synonymously with regard to expressions in an opinion which are not necessary to support the decision, in connection with the doctrine of stare decisis, a distinction has been drawn between mere obiter and ‘judicial dicta’, the latter being an expression of opinion on a point deliberately passed upon by the court.”

(emphasis supplied)

Further at pp. 525 and 526, the effect of dictum has been discussed:

“190. Decision on legal point; effect of dictum

... In applying the doctrine of stare decisis, a distinction is made between a holding and a dictum. Generally stare decisis does not attach to such parts of an opinion of a court which are mere dicta. The reason for distinguishing a dictum from a holding has been said to be that a question actually before the court and decided by it is investigated with care and considered in its full extent, whereas other principles, although considered in their relation to the case decided, are seldom completely investigated as to their possible bearing on other cases. Nevertheless courts have sometimes given dicta the same effect as holdings, particularly where ‘judicial dicta’ as distinguished from ‘obiter dicta’ are involved.”

25. According to P. Ramanatha Aiyar's Advanced Law Lexicon

(3rd Edn., 2005), the expression “observation” means a

“view, reflection; remark; statement; observed truth or facts; remarks in speech or writing in reference to something observed”.

26. Wharton's Law Lexicon (14th Edn., 1993) defines the term “obiter dictum” as an opinion not necessary to a Judgment; an observation as to the law made by a Judge in the course of a case, but not necessary to its decision, and therefore, of no binding effect; often called as obiter dictum, ‘a remark by the way’.

27. Black's Law Dictionary, (9th Edn., 2009) defines the term “obiter dictum” as:

“Obiter dictum.—A judicial comment made while delivering a judicial opinion, but one that is unnecessary to the decision in the case and therefore not precedential (although it may be considered persuasive). — Often shortened to dictum or, less commonly, obiter. ...

‘Strictly speaking an “obiter dictum” is a remark made or opinion expressed by a judge, in his decision upon a cause, “by the way”—that is, incidentally or collaterally, and not directly upon the question before the court; or it is any statement of law enunciated by the Judge or court merely by way of illustration, argument, analogy, or suggestion.... In the common speech of lawyers, all such extrajudicial expressions of legal opinion are referred to as “dicta”, or “obiter dicta”, these two terms being used interchangeably.’”

28. Words and Phrases, Permanent Edn., Vol. 29 defines the expression “obiter dicta” or “dicta” thus:

“Dicta are opinions of a Judge which do not embody the resolution or determination of the court, and made without argument or full consideration of the point, are not the professed deliberate determinations of the Judge himself; obiter dicta are opinions uttered by the way, not upon the point or question pending, as if turning aside for the time from the main topic of the case to collateral subjects; it is mere observation by a Judge on a legal question suggested by the case before him, but not arising in such a manner as to require decision by him; ‘obiter dictum’ is made as argument or illustration, as pertinent to other cases as to the one on hand, and which may enlighten or convince, but which in no sense are a part of the judgment in the particular issue, not binding as a precedent, but entitled to receive the respect due to the opinion of the Judge who

utters them; discussion in an opinion of principles of law which are not pertinent, relevant, or essential to determination of issues before court is ‘obiter dictum’.”

29. The concept of “dicta” has also been considered in Corpus Juris Secundum, Vol. 21, at pp. 309-12 as thus:

“190. Dicta

a. In general

A dictum is an opinion expressed by a court, but which, not being necessarily involved in the case, lacks the force of an adjudication; an opinion expressed by a Judge on a point not necessarily arising in the case; a statement or holding in an opinion not responsive to any issue and not necessary to the decision of the case; an opinion expressed on a point in which the judicial mind is not directed to the precise question necessary to be determined to fix the rights of the parties; or an opinion of a Judge which does not embody the resolution or determination of the court, and made without argument, or full consideration of the point, not the professed deliberate determination of the Judge himself. The term ‘dictum’ is generally used as an abbreviation of ‘obiter dictum’ which means a remark or opinion uttered by the way.

Such an expression or opinion, as a general rule, is not binding as authority or precedent within the stare decisis rule, even on courts inferior to the court from which such expression emanated, no matter how often it may be repeated. This general rule is particularly applicable where there are prior decisions to the contrary of the statement regarded as dictum; where the statement is declared, on rehearing, to be dictum; where the dictum is on a question which the court expressly states that it does not decide; or where it is contrary to statute and would produce an inequitable result. It has also been held that a dictum is not the ‘law of the case,’ nor res judicata.”

30. The concept of “dicta” has been discussed in Halsbury's Laws of England, 4th Edn. (Reissue), Vol. 26, Para 574 as thus:

“574. Dicta.—Statements which are not necessary to the decision, which go beyond the occasion and lay down a rule that it is unnecessary for the purpose in hand are

generally termed 'dicta'. They have no binding authority on another court, although they may have some persuasive efficacy. Mere passing remarks of a Judge are known as 'obiter dicta', whilst considered enunciations of the Judge's opinion on a point not arising for decision, and so not part of the ratio decidendi, have been termed 'Judicial dicta'. A third type of dictum may consist in a statement by a Judge as to what has been done in other cases which have not been reported.

... Practice notes, being directions given without argument, do not have binding judicial effect. Interlocutory observations by members of a court during argument, while of persuasive weight, are not judicial pronouncements and do not decide anything."

31. In *MCD v. Gurnam Kaur*²¹, and *Karnataka SRTC v. Mahadeva Shetty*²², this Court has observed that:

"12. ... Mere casual expressions carry no weight at all. Not every passing expression of a judge, however eminent, can be treated as an ex cathedra statement, having the weight of authority."

32. In *State of Haryana v. Ranbir*²³, this Court has discussed the concept of the "obiter dictum" thus:

"13. ... A decision, it is well settled, is an authority for what it decides and not what can logically be deduced therefrom. The distinction between a dicta and obiter is well known. Obiter dicta is more or less presumably unnecessary to the decision. It may be an expression of a viewpoint or sentiments which has no binding effect. See ADM, *Jabalpur v. Shivakant Shukla*²⁴. It is also well settled that the statements which are not part of the ratio decidendi constitute obiter dicta and are not authoritative.

33. In *Girnar Traders v. State of Maharashtra*²⁵ this Court has held:

"53. ... Thus, observations of the court did not relate to any of the legal questions arising in the case and, accordingly, cannot be considered as the part of ratio decidendi. Hence, in light of the aforementioned judicial pronouncements, which have well settled the proposition that only the ratio

²¹ (1989) 1 SCC 101

²² (2003) 7 SCC 197

²³ (2006) 5 SCC 167

²⁴ (1976) 2 SCC 521

²⁵ (2007) 7 SCC 555

decidendi can act as the binding or authoritative precedent, it is clear that the reliance placed on mere general observations or casual expressions of the court, is not of much avail to the respondents.”

34. In view of the above, it is well settled that obiter dictum is a mere observation or remark made by the court by way of aside while deciding the actual issue before it. The mere casual statement or observation which is not relevant, pertinent or essential to decide the issue in hand does not form the part of the judgment of the Court and have no authoritative value. The expression of the personal view or opinion of the Judge is just a casual remark made whilst deviating from answering the actual issues pending before the Court. These casual remarks are considered or treated as beyond the ambit of the authoritative or operative part of the judgment.”

50. In *Skill Lotto Solutions (P) Ltd v. U.O.I.*²⁶, the Supreme Court held thus, on the issue of *obiter*:

“52. One of the submissions which has been pressed by Shri Srivastava is that the observations made by the Constitution Bench in the above paragraphs that lottery is an actionable claim is based on an obiter dicta since the question was not up for consideration. He submits that the Court was to consider as to whether lottery tickets are goods or not within the meaning of Section 2(j) of the Tamil Nadu General Sales Act, 1959 as amended. The definition of goods in Section 2(j) as noticed by the Constitution Bench in para 9 states that “goods” means all kinds of movable property (other than newspaper, actionable claims, stocks, shares and securities). The exclusion of the actionable claims from the goods as enumerated in the definition is also a part of the definition. If a particular item is covered by exclusion it is obvious that it does not fall in the definition of the goods. When the Constitution Bench came to the conclusion that the lottery is an actionable claim it was considering the definition of Section 2(j) itself and what has been held by the Constitution Bench cannot be held to be obiter dicta.

53. Explaining obiter dicta this Court in *MCD v. Gurnam Kaur*²¹, made the following observation in paras 10 and 11 : (SCC pp. 109-10)

“10. ... The only thing in a Judge's decision binding as an authority upon a subsequent Judge is the principle upon which the case was decided. Statements which are not part of the ratio decidendi are distinguished as obiter dicta and are not authoritative. ...

²⁶ (2021) 15 SCC 667

11. Pronouncements of law, which are not part of the ratio decidendi are classed as obiter dicta and are not authoritative.”

54. It cannot be said that the question as to whether lottery is goods or actionable claim had not arisen in the decision *in Sunrise Associates v. State (NCT of Delhi)*²⁷. When an item was covered by excluded category, the said conclusion could have been arisen only after consideration of the definition and the exclusionary clause. We, thus, are not in agreement with the submission of the learned counsel for the petitioner that the observations of the Constitution Bench holding lottery as actionable claim is only *obiter dicta* and not binding. The Constitution Bench in *Sunrise Associates*²⁷ has categorically held that lottery is actionable claim after due consideration which is ratio of the judgment. When Section 2(52) of the 2017 Act expanded the definition of goods by including actionable claim also, the said definition in Section 2(52) is in the line with the Constitution Bench pronouncement in *Sunrise Associates*²⁷ and no exception can be taken to the definition of the goods as occurring in Section 2(52).”

51. There are, therefore, two principles on the basis of which the issue of whether a passage, in a judgment, is *obiter dictum* or *ratio decidendi*, could be determined. One is to examine whether the observations and findings in question are necessary for a determination of the *lis*, which would, *inter alia*, also factor in, as a relevant consideration, the question of whether the finding is returned on an issue urged and argued, or is an observation aside. The second is by applying the inversion test; if the conclusion in the case would remain unchanged even if the passage in question were to be removed therefrom, it is *obiter*; else, it is *ratio*.

52. Viewed either which way, it appears that Mr Anand is correct in his submission that para 19 of *Aloys Wobben*² is, in fact, *obiter*.

53. The issue in controversy, before the Supreme Court in *Aloys*

²⁷ (2006) 5 SCC 603

*Wobben*², was whether Enercon could maintain counter-claims, in the infringement suits instituted by Aloys Wobben, seeking revocation of the very same patents of Aloys Wobben, for which revocation petitions, under Section 64(1) of the Patents Act, already stood filed by them. That issue was finally decided by the Supreme Court by analogising the situation with Section 10 of the CPC, thus, in paras 25 to 27.3 of the decision thus:

“25. A “counterclaim” for all intents and purposes, must be understood as a suit filed by one who is impleaded as a defendant. A “counterclaim” is essentially filed to obstruct the claim raised in a suit. A “counterclaim” is tried jointly, with the suit filed by the plaintiff, and has the same effect as a cross-suit. Therefore, for all intents and purposes a “counterclaim” is treated as a plaint, and is governed by the rules applicable to plaints. The court trying a suit, as well as the “counterclaim”, has to pronounce its judgment on the prayer(s) made in the suit, and also, those made in the “counterclaim”. Since a “counterclaim” is of the nature of an independent suit, a “counterclaim” cannot be allowed to proceed where the defendant has already instituted a suit against the plaintiff, on the same cause of action. The above conclusion is drawn on the basis of the accepted principle of law crystallised in Section 10 of the Code of Civil Procedure, 1908 (hereinafter referred to as “CPC”) read with Section 151 CPC. Both the above provisions are being extracted hereunder:

“10. Stay of suit.—No court shall proceed with the trial of any suit in which the matter in issue is also directly and substantially in issue in a previously instituted suit between the same parties, or between parties under whom they or any of them claim litigating under the same title where such suit is pending in the same or any other court in India having jurisdiction to grant the relief claimed, or in any court beyond the limits of India established or continued by the Central Government and having like jurisdiction, or before the Supreme Court.

Explanation.—The pendency of a suit in a foreign court does not preclude the courts in India from trying a suit founded on the same cause of action.

151. Saving of inherent powers of court.—Nothing in this Code shall be deemed to limit or otherwise affect the inherent power of the court to make such orders as may be

necessary for the ends of justice or to prevent abuse of the process of the court.”

Therefore, where an issue is already pending adjudication between the same parties in a court having jurisdiction to adjudicate upon the same, a subsequently instituted suit on the same issue between the same parties cannot be allowed to proceed. A similar question arises for consideration before this Court in the present controversy. If the respondents in their capacity as “any person interested”, had filed a “revocation petition” before the institution of an “infringement suit”, they cannot be permitted to file a “counterclaim” on the same cause of action. The natural conclusion in the above situation would be, the validity of the grant of the patent would have to be determined in the “revocation petition”. Therefore, in the above situation, while the “revocation petition” will have to be permitted to be pursued, the “counterclaim” cannot be permitted to be continued. Therefore, in the above eventuality, it is apparent that the situation would be resolved in the same manner as it would have been resolved in cross-suits filed by the rival parties before different jurisdictional courts. In our considered view, the above conclusion is imperative for a harmonious interpretation of the relevant provisions of the Patents Act.

26. In cases where the “infringement suit(s)” was/were filed by the appellant herein (as plaintiff in the “infringement suit”), before the “revocation petition(s)” was/were filed by the respondents (as defendants in the “infringement suit”), the respondents had the right to file “counterclaim(s)” to seek revocation of the patent under the strength and authority emerging from Section 64(1) of the Patents Act. Having once filed a “counterclaim” in response to the “infringement suit(s)” on the same analogy as has been recorded above, it would not be open to the respondents herein (the defendants in the “infringement suits”) to file “revocation petition(s)”, as they would likewise be barred by the rule of res judicata. As such, “revocation petitions” filed later in point of time than the institution of the “infringement suit”, would be unsustainable in law. In such cases, the prayer for revocation of the patent shall be adjudicated while disposing of the “counterclaim” filed by the respondents. Therefore, in the above situation, while the “counterclaim” will have to be permitted to be pursued, the “revocation petition” cannot be permitted to be continued.

27. Having examined the four contentions advanced at the hands of the learned counsel for the appellants (delineated in para 10 of the instant judgment) and the fifth contention (noticed in para 22 of our instant determination), we are of the view that the following conclusions emerge therefrom:

27.1. Firstly, if “any person interested” has filed proceedings under Section 25(2) of the Patents Act, the same would eclipse all

similar rights available to the very same person under Section 64(1) of the Patents Act. This would include the right to file a “revocation petition” in the capacity of “any person interested” [under Section 64(1) of the Patents Act], as also, the right to seek the revocation of a patent in the capacity of a defendant through a “counterclaim” [also under Section 64(1) of the Patents Act].

27.2. Secondly, if a “revocation petition” is filed by “any person interested” in exercise of the liberty vested in him under Section 64(1) of the Patents Act, prior to the institution of an “infringement suit” against him, he would be disentitled in law from seeking the revocation of the patent (on the basis whereof an “infringement suit” has been filed against him) through a “counterclaim”. This denial of the remedy granted to him by way of a “counterclaim” under Section 64(1) of the Patents Act, is based on the principle of law narrated in para 25 above.

27.3. Thirdly, where in response to an “infringement suit”, the defendant has already sought the revocation of a patent (on the basis whereof the “infringement suit” has been filed) through a “counterclaim”, the defendant cannot thereafter, in his capacity as “any person interested” assail the patent concerned, by way of a “revocation petition”. This denial of remedy granted to him by way of a “revocation petition” under Section 64(1) of the Patents Act is also based on the same principle of law expressed in para 25 above.”

54. The right of Aloys Wobben to institute the infringements suits was never in question. Nor, from a reading of the judgment, does it appear that Enercon ever questioned the maintainability of the suits instituted by Aloys Wobben, on the premise that the right to the patents had not crystallized on the date the suits were instituted. The issue that para 19 of the judgment deals with, viz., whether, if a post grant opposition is instituted within a year of the grant of the patent, or, for that matter, if no such post grant opposition is preferred till the expiry of the said period, the patentee is nonetheless required to wait till the expiry of one year or, where post grant opposition stands preferred, till the culmination thereof, never arose for consideration in *Aloys Wobben*², *inter alia* for the reason that no post grant opposition, under Section 25(2), was ever preferred in that case. Para 19, which

exclusively deals with these issues is, therefore, as Mr. Anand correctly submits, *obiter dicta*, and cannot be regarded as part of the *ratio decidendi* of *Aloys Wobben*².

55. If, therefore, one were to remove, from the body of *Aloys Wobben*², para 19, the conclusion in the case would remain the same. Applying the inversion test, too, therefore, it is clear that para 19 is *obiter*.

56. In fact, if para 19 of *Aloys Wobben*² were to be regarded as holding that an infringement suit could not be instituted when a revocation petition, or a post-grant opposition, is pending, the suits, from which the dispute arose in that case, would themselves have been incompetent. Rather, Supreme Court upholds the right of Aloys Wobben to prosecute the suits, and finds the counter-claims of Enercon not to have been competent, as revocation petitions, preferred by Enercon, were already in place and pending.

57. That said, all observations and findings of the Supreme Court, be they ratio or *obiter*, are entitled to great respect by all judicial and other authorities lower in hierarchy, and disregarding any such findings as *obiter* would be no less than an affront to Articles 141 and 144 of the Constitution of India.

58. What, then, does para 19 of *Aloys Wobben*² say?

59. In *Aloys Wobben*², the Supreme Court was not concerned with the effect of filing of a revocation petition, much less of a post grant opposition, on a pending suit. More importantly, there is no

unequivocal declaration of law to be found in para 19 of *Aloys Wobben*², to the effect that an infringement suit cannot be filed if a post grant opposition against the patent, preferred within a period of one year is pending. All that the Supreme Court has said that it is unlikely, and perhaps impossible, that such a suit would be filed. It is well settled that a judicial precedent is only an authority for what it takes, and not for what may logically seem to flow from it.²⁸ It may not be possible, therefore, for a Court to read into para 19 of *Aloys Wobben*², any statement of the law to the effect that a patentee, who has been granted a patent and finds the patent being infringed, must sit back and tolerate the infringement, powerless to institute an injunctive suit.

60. That apart, carefully read, it is seen that the Supreme Court has, even in para 19 of *Aloys Wobben*², distinguished between *grant of a patent* and *crystallization of the right to hold the patent*. This is clear from the following sentences, in the said paragraph which are, therefore, being repeated here, for clarity:

“The decision of the “Controller” leads to the publication for the grant (of the patent). This process finalises the decision of the grant of the patent. All the same, it does not finally crystallize the right of the patent holder. If and when, challenges raised at the grant of a patent are disposed of favourably, to the advantage of the patent holder, the right to hold the patent can then and then alone, be stated to have crystallized.”

(Emphasis supplied)

Thus, the Supreme Court clearly distinguishes “grant of a patent” from “crystallization of the right to hold the patent”. This distinction, actually, effectively decides the objection of Mr Khera, against him, as the rights of patentees, under Section 48 of the Patents Act, are

²⁸ Refer *U.O.I. v. Chhajju Ram*, (2003) 5 SCC 568

envisaged in respect of “a patent *granted*” under this Act. What matters, insofar as the right to defend one’s patent by, *inter alia*, suing for infringement is, therefore, *grant* of the patent. That, even as per para 19 of *Aloys Wobben*², happens as soon as, consequent on the decision of the Collector, publication of the grant of the patent, in favour of the patentee, takes place.

61. Apart from the fact that para 19 of *Aloys Wobben*² does not say that a patentee, who has been granted a patent and finds the patent being infringed, must sit back and tolerate the infringement, powerless to institute an injunctive suit, such a proposition would also militate against the Patents Act. Section 48²⁹ of the Patents Act specifically confers on a patentee, the right to prevent third parties from infringing the patent. The provision is not made subject to any condition whatsoever. The grant of a patent, *ipso facto*, entitles a patentee to take action against its infringement. As Mr. Anand correctly points, the only statutory embargo to institution of an infringement suit is that the suit must relate to a granted patent is to be found in the proviso to Section 11(A), which stipulates that an infringement suit could be instituted only against a granted patent. This proviso, too, therefore, manifests the statutory intent to confer on the holder of every granted patent, the right to proceed legally against infringement.

62. I am unable to read into para 19 of *Aloys Wobben*², any

²⁹ 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:

statement of the law which would derogate from this statutory right, conferred on the patentee or introduce, as a condition for exercise of the statutory right, the requirement of waiting for one year after the patent is granted or, if a post grant opposition has been filed within that period, for a favourable decision in the post grant opposition, before suing for infringement. Indeed, as was observed by the Coordinate Bench in *Pharmacosmos Holding*⁴, such a position in law would have disastrous results on a patentee, and his right to assert his patent. It would also result, inevitably, in blatant and flagrant infringement of a patent, as any such infringement would become immune to challenge, till the expiry of one year from the grant of the patent. Worse, if a post grant opposition is filed within a period of one year from the grant of a patent, acceptance of the interpretation that Mr. Khera seeks to place on para 19 of *Aloys Wobben*² would completely divest the patentee of any right to proceed against infringement of the patent, till the post grant opposition is decided in his favour. If, therefore, the post grant opposition instituted within one year of grant of the patent, were to take three years to be decided, the patentee become completely powerless to injunct infringement of his patent till the said period of three years is over.

63. Such a consequence would clearly be absurd, and would denude the patentee of the valuable statutory rights that grant of the patent confers on him. It would, indeed, go against the very ethos of the Patents Act.

64. It was, perhaps, apparently conscious of this position that the Supreme Court even in para 19 of *Aloys Wobben*², restricted its observation to the *possibility* of an infringement suit being instituted

during the pendency of a post grant opposition, rather than pronouncing on the *permissibility* thereof. It is not open for this Court to rewrite the concluding sentence in para 19 of *Aloys Wobben*² by substituting, for the word “impossible”, the word “impermissible”. To reiterate, there is no declaration in para 19 of *Aloys Wobben*², of the legal position that, till the culmination of post grant opposition proceedings, a patentee cannot sue for infringement of his patent. In the first place, the Supreme Court was, in the said case, not concerned with the right of the patentee to institute a suit *vis-a-vis* the post grant opposition filed against the patent, but was concerned with the right of the same defendant to simultaneously prosecute a revocation petition and a counterclaim in the suit. Secondly, even the issue of whether an infringement suit could be instituted till the expiry of a year from the date of grant of the patent never arose for consideration before the Supreme Court in that case; nor from the judgment, does it appear that any arguments on that point were raised.

65. The view expressed by me above finds support from the order passed by the Supreme Court in *Sergi*⁵. The facts, as well as the orders passed in that case, have already been set out hereinabove in some detail. In that case, too, CTR instituted infringement proceedings against Sergi. Sergi contended that it had filed a post grant opposition against the patent which CTR was asserting and that, in view of para 19 of *Aloys Wobben*², the suit instituted by CTR could not be allowed to proceed so long as the post grant position proceedings were pending. The learned Single Judge rejected the submission and proceeded to grant interlocutory injunction to CTR. Sergi succeeded in its appeal before the Division Bench which, solely on the basis of the pendency of the post grant opposition and

revocation petition, stayed the *ad interim* order passed by the learned Single Judge. In the SLP preferred thereagainst, however, the Supreme Court disapproved of the approach followed by the Division Bench in merely proceeding on the basis of the post grant opposition filed by Sergi, without examining the issue on merits. The interim injunction granted by the learned Single Judge was, therefore, restored.

66. In the light of the view adopted by the Supreme Court in *Sergi*⁵ it would be hazardous for this Court to read para 19 of *Aloys Wobben*² as proscribing the institution of an infringement suit during the pendency of post grant opposition proceedings instituted under section 25(2) of the Patents Act.

67. In the view that I have taken, it is not necessary for me to examine the orders passed by the Coordinate Benches in *CDE Asia*⁷ and *Novartis*⁶, which are interlocutory orders, expressing *prima facie* views. The said orders, too, albeit for slightly different reasons, have also observed that para 19 of *Aloys Wobben*² does not foreclose the right to institute an infringement suit merely on the ground that post grant opposition proceedings, instituted under Section 25(2) of the Patents Act happen to be pending.

Conclusion

68. No case for rejecting the suit under Order VII Rule 11, on any of the grounds urged in this application can, therefore, be said to exist.

69. The application is accordingly dismissed.

70. As already noted hereinbefore, this Court is returning no finding on the plea of want of territorial jurisdiction, as it does not lie under Order VII Rule 11 and cannot merit rejection of a plaint, and was never either urged or contested during the course of arguments. Rights in this regard stand reserved as indicated in para 11 *supra*.

I.A. 1079/2023 (under Order XIII A Rule 3 of the CPC)

71. Re-notify on 1st August 2023.

MAY 15, 2023
dsn/ar

C. HARI SHANKAR, J.

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