



Realizing the Reality of Article 61 of TRIPS

Amol M Sapatnekar[†]

Symbiosis Law School (SLS), Symbiosis International (Deemed University) (SIU), Vimannagar, Pune,
Maharashtra – 411 014, India

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The enforcement of patents has been always crucial and the basis of strengthening the patent regime. While pondering over strengthening of patent regime and patent enforcement dynamics, author came across and dealt with the ‘willful patent infringement’ under Article 61 of TRIPS mentioning the provision of criminal sanction for ‘willful patent infringement’. The scope of the research study has narrowed on the feasibility and implementation of criminal sanctions under Article 61 of TRIPS, wherein it appears at the outset that the feasibility enquiry of criminal sanction for willful patent can make Article 61 of TRIPS meaningful and realizable.¹ While analyzing the dynamics around the criminal sanction of willful patent infringement as under Article 61 of TRIPS, a need of equipping the current patent enforcement mechanism in Indian context was felt and is being recommended. The dynamics reveal that the scope of remedy for ‘willful patent infringement’ wobbles even today, between the conventional civil remedies (including the punitive trebled damages provided in some countries) and criminal sanction (implemented in other countries). Having revealed the need of equipping the patent enforcement mechanism, this study also enquires the constraints on implementing the criminal sanction. The increasing pressure on India to strengthen the patent enforcement, in the course of international trade from United States of America as an example which is a quite sufficient factor to discuss the issue that India might have to deal with in near future. Based on the three categories of resources and secondary sources inferences and observations converge on the recommendation of having a distinct patent enforcement mechanism, from the one in place. Accordingly, patent enforcement under TRIPS Article 61, for ‘willful patent infringement’ and the enquiry on feasibility of such criminal sanction for the same, is the primary objective of this study.

Keywords: TRIPS, Patent Enforcement, Willful Patent Infringement, Criminal Sanction, Commercial Courts, GATT Negotiations, USTR Office Watch List

The feasibility of remedy provided for ‘willful patent infringement’ under Article 61 of TRIPS has come to fore in the light of advancements in international trade and patent regime. The scope of willful patent infringement discussion, under Article 61 of TRIPS becomes essential because firstly, the doctrine of willful patent infringement which is in sync with trade restrictive and anticompetitive practices and secondly due to the international trade dynamics, an indirect pressure from developed countries like USA to strengthen the patent enforcement. Developed countries embark on patent enforcement that demand from developing countries a tailored and robust patent enforcement mechanism in terms of implementing stringent remedies; the Office of the United States Trade Representative (USTR) for example, has enlisted India as being monitored even in the year 2021 on their ‘priority watch list’ for a ‘strong’ patent protection;² the patent grant and protection

system in India for pharmaceutical drugs is already criticized by developed countries like USA. Further, United States – India Business Council (USBIC) had mentioned the ‘private assurance’ from Indian government for non-usage of compulsory license provision.³ The USTR 301 Priority Watch List has been sufficiently analyzed as a tool to pressurize developing country including India.⁴

While investigating the dynamics around the criminal sanction of willful patent infringement under Article 61 of TRIPS, a fundamental need of equipping the current patent enforcement mechanism in India was felt and is being recommended absent which, the feasibility of criminal sanctions for willful patent infringement would be and is least appreciated; even if to be considered in near future. The study reveals that the scope of remedy for ‘willful patent infringement’ wobbles even today, between the conventional civil remedies (including the punitive trebled damages provided in some countries) and criminal sanction (implemented in other countries).

[†]Email: amol.sapatnekar@symlaw.ac.in

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The recommendations of this qualitative study are based on inferences and observations converging through triangulation research strategy. This research method was particularly suitable for this study as the scope of this study is analytical. Accordingly, three broad sources of information used were referred first, research journal articles, second inferences by international organizations like WTO through their relevant reports, third critical analysis of existing legislations relevant and dealing with the research problem. Additionally, the relevant judicial decisions were considered. The research journal articles helped in deducing and concretizing the opinions of this study. Reports and survey-based observations of international organizations like WTO added the empirical component to strengthen the inferences. And critical analysis of relevant legislations led to finalizing of recommendations. The present study and discussion, is in furtherance of earlier discussion.⁵

TRIPS: Take it or Leave it? For Developing Countries and India not an Exception

Developing countries and particularly India, wanted TRIPS negotiations to adhere only to ‘trade restrictive and anticompetitive practices’ of Intellectual Property Right holders⁶ as according to India, such practices were the *per se* the issues and actual distortions and impediments⁶ than the deficient protection of intellectual property rights as primary concern. India had also proposed in the TRIPS negotiation rounds, to consider socio-economic, developmental, technological, and public interest needs of developing countries.⁷ Brazil and Chile had similar views, whereas the developed countries were keen to establish a standard setting intellectual property rights framework in an attempt to carve a uniform trade structure and the same was interestingly, due to prevailing belief since very long, that poor patent policies affects the trade.⁸ The developed nations at that time seemed to have perceived the economic realities of the developing countries, conveniently as impediments for implementation of uniform free trade structure, and alongside attributing the reason for such impediments mainly to poor patent policies and implementation - which incidentally is accepted as the fundamental requirement of a uniform free trade.⁸

With reference to Indian view in TRIPS negotiations, it needs to be noted fairly that the IPR related ‘trade restrictive and anticompetitive practices’ *per se* rest upon the level or degree of intellectual property right protection and enforcement. Hence addressing trade restrictive and anticompetitive practices in an intellectual property rights regime effectively, do require implementing of certain enforcement measures of sufficient deterrence on violators as a fundamental step. Additionally, talking of willful infringement of patent right or otherwise of an ownership right in the course of trade, is undoubtedly a trade restrictive and anticompetitive practice. Accordingly, standard setting for intellectual property protection to reduce trade distortions, particularly caused by deficient protection as argued in GATT negotiation introducing TRIPS, cannot be dismissed by India altogether with consideration to the international trade and IPR regime that India is part of globally.

Social and Economic Welfare Considerations: How Far Realistic in a Uniform Trade Structure and Patent Enforcement

Concerns of least developed and developing countries culminated into preamble, Article 7 and Article 8 of TRIPS indicating helm for intellectual property rights regime to operate in a manner conducive to social and economic welfare, but the specific wordings, ‘in consistent with rest of the provisions of TRIPS’⁹ - brings the issue back to square one, these wordings leave the understanding and interpretation of ‘socially conducive and economic welfare’ open ended. The predominant purpose of TRIPS, to protect and enforce intellectual property rights standards effectively prevails. No matter intellectual property rights regime and TRIPS have been expected to be socially conducive but the realities have been different and even contradicting. Economies are increasingly technology driven, patents dominate technology sectors wherein investment are typically made,¹⁰ hence international developments clearly indicate the progress of patent regime only in one direction; that of ‘setting standard and level of protection’.

Accordingly, it is obvious that competitive trade pressures from developed economies emphasize the strengthening of patent protections. The deterrent enforcement of patent is opinionated; right from the purpose of TRIPS, the rationale of patent incentive’s

contribution in economic growth, to the national law reforms which increasingly are subject to the compliance of international regime and capitalizing the advantage of applicable exemptions to suit their own benefits.¹⁰

TRIPS Agreement has been criticized already for its objectives and achievements;¹¹ but with the fact that countries having, little or no choice than to accept it and it is only for near future to reveal whether intellectual property rights regime including patent enforcement under TRIPS has been really conducive to social and economic welfare and more importantly at what cost. Juxtaposing and optimizing trade related aspects with social and economic welfare considerations is really a complex and next to irresolvable scenario. Trade related aspects *per se* is, and should be, based purely on commercial considerations whereas social and economic welfare encompass a wide range of human values. Excepting the human health and life, the socio-economic factors *viz a viz* patent regime – are practically difficult to encapsulate and optimize even, internationally. Worldwide economic welfare is mere a theoretical term. Nonetheless trade and socio-economic welfare have been intermingled since long and socio-economic variables have been always converging in the course of trade and technological development only.

Economics of Patent Enforcement and Litigation

Speaking in addition to socio-economic welfare considerations, cost of enforcing intellectual property rights – regime is a relatively neglected area and available analysis on the aspects like, budgetary investments on enforcing intellectual property rights, is partial or indirect.¹² The comparison between, benefit of enforcing the intellectual property rights and cost of investing of public spending on their enforceability, is surprising.¹³ For developing countries, the cost of public spending, account to public good priorities like health, food security, education where as the investment of public spending on the enforceability of intellectual property rights particularly for developing countries is not worth making, when compared to the cost of public spending investment in public goods priorities; incentives from benefits of such enforceability are few. Even Uruguay Round did not see the benefit of incurred costs in establishing enforcing mechanism and maintained

Article 41.5 of TRIPS to use conventional machinery for enforcement.¹³

The investments of public spending, budgetary allocations, on enforcement of intellectual property rights is an unexplored area, which developing nations still need to think upon.¹³ According to WIPO, availability and access to patent litigation data, lack of public spending cost allocation aspects, pose hurdle in analyzing the economics of patent litigation.¹⁴ Hence, considering the economics around the patent litigation including ‘willful patent infringement’ is still an underdeveloped matter and possibly needs a separate inspection. Nonetheless considering the context of willful patent infringement and commercial stakes involved it becomes significant to at least touch upon this topic though in brevity.

Enforcing Patents, Trademarks and Copyrights: Differing Approach

It was only at the later stages in rounds of GATT negotiations - in fortieth session¹⁵ - of the negotiations round, the question of international trade in counterfeit goods came fore and a strong trademark (and copyright for piracy of literatures) protection was envisioned as a important and eventually similar was felt in respect of other intellectual property rights.⁸ However, in spite of the belief that strong patent policies are the fundamental requirement of uniform trade structure, patent enforcement under TRIPS was not and have not been considered equally important and to an extent been kept weak, as compared to its counterparts, trademarks (and copyrights) in terms of enforcement. The counterfeit of trademarked goods and piracy of copyright as infringements, are prescribed with a criminal sanction.¹⁶ The issue of counterfeit goods and its trade prevail even in case of patents;¹⁷ patented goods can and are very much part of patent infringement but the question, why did negotiators of TRIPS keep patent enforcement comparatively optional or weak - so to say, remain un-answered.

Enforcement of Patent by Criminalizing ‘Willful’ Patent Infringement

The enforcement of patent infringement with criminal sanctions under TRIPS is seen as a task in itself, even by WTO, with a primer of resolving trade disputes.¹⁸ However certain jurisdictions like, - Norway,¹⁹ Spain,²⁰ Germany,²¹ Denmark,²² Bulgaria,²³ Hungary,²⁴ Dutch,²⁵ Portugal,²⁷ Czech Republic,²⁷

Finland,²⁸ Austria,²⁹ France³⁰ and Belgium³¹ provide criminal sanction for the infringement of patent – interestingly, willful or not. Article 61 of TRIPS stipulates criminal sanction for willful patent infringement on commercial basis/scale ‘at the option of State’; effectively rendering criminal sanction for willful patent infringement more of a ‘policy matter’; addressing the ‘intention’ behind committing the wrong including the intentional omission of act – typically called – willful blindness.

Willful Patent Infringement in United States of America

The term ‘willful’ had appeared to have been almost settled in ‘Seagate Technologies’ case – but with the subsequent *Halo Electronics, Inc. v Pulse Electronics, Inc., et al.*, (2016) No. 14-1513 and *Stryker Corp v Zimmer, Inc.*, (2016) No. 13-1668, the two pronged tests were criticized as ‘insufficient’ and set aside with discretionary power of courts in enhancing damages brought forth.³² The judicial applications of ‘subjective willfulness’ post ‘Halo’ now spans as, egregious misconduct, knowledge of the patent plus ongoing infringement sufficient, a test somewhere in between.³³ Infringing a patent willfully, remedy of claiming trebled damages thereof, calculating trebled damages, and other relevant aspects of ‘willfulness’ have been long deliberated and its interpretation remains an open ended threshold even as on date in American jurisprudence.

The two predominant perspectives around ‘willful patent infringement’; as to what amounts to willfulness (including ‘subjective willfulness’ as stipulated in Halo recently) now stands to be decided at the discretion of courts and American district courts as stated above have interpreted it within the given range prescribed. Should willful infringement be criminalized, on the basis of Article 61 of TRIPS? The enquiry around this question has already begun in American jurisprudence on ‘willful infringement of patents’ and recently the claims like legislative and judicial developments in USA are effectively weakening the effectiveness of USA patent system³⁴ are being urged to be considered in the current times which is allegedly the right time to bring the patent infringement under Federal Laws.

Indian Position in International Trade Circumstances on Patent Enforcement

Strengthening the patent regime effectively narrows down to patent enforcement mechanism, and

in the remedies for patent infringement with necessary deterrence. It is obvious that developed countries while seeking the scope for trade, embark on strong patent regime in developing countries as their international market. India being no exception has been facing similar circumstances in the recent past – example being that of USTR Office Watchlist expecting India to strengthen its patent regime.

Adoption of patentability standards under TRIPS, for Indian patenting system, has been more of a compliance oriented keeping in mind international trade dynamics, and with the fast-paced international trade circumstances, trade relations with developed countries, the expectation of enforcement provision under Article 61 for willful patent infringement cannot be considered impractical and impossible. The on-going international expectations from India to strengthen its patent enforcement mechanism, the recent past imbalance in trade relations between India and USA – including removal of India from ‘Generalised System of Preferences (GSP) program’³⁵ - could be considered a classic example of such a beginning. This example is relevant from the point of view of its effective repercussions on imbalanced IPR protection as well; ‘Special 301 Watch List regarding the alleged weak intellectual property enforcement,’³⁶ are the repercussions observed, due to imbalance in trade reciprocity by India, as claimed in recent Congressional Research Service legislative debates³⁷ which reported ‘selected issues’ for India USA trade deficit which includes intellectual property rights and ‘patent enforcement concern’ along with the other issues that concern USA.

All in all, India-USA trade relations have been speculated as imbalanced in recent past, But the fact that India is being claimed as 13th largest export market for USA, and USA market constituting 20 percent of India’s export,³⁸ the fact that both the countries agreeing on reactivating mutual trade concerns including IPR protections, on order to ‘develop and ambitious shared vision for the future of trade relationship,’³⁹ makes this example significant as an analogy to consider; whether one – particularly India - can do away with another in their trade relations?

Considering the current developments along with overall situation of trade between India and USA – as an example, taking a stand on patent enforcement regime bears a significance, which India will have to carve out with an optimum patent enforcement regime for itself and yet delicately balance the trade relations with the countries like USA.

Should Willful Patent Infringement under Article 61 of TRIPS be Criminalized?¹⁶

The reasons for not criminalizing patent are the based on the observations in overall patent regime across the world and there is no formal reasoning documented for deferring views; not even in legislative debates of drafting TRIPS compiled.

The titled question has already noted some responses like; ‘The plaintiffs choose administrative/civil remedies, as criminal prosecution does not involve interim orders prohibiting the infringing conduct’ pending the trial, ‘disclosure of documents for extraction of information from defendant’ – as in how much defendant knows about the disputed patent, further the criminal liability and the prosecution mandates the demonstration of guilt and intention ‘beyond reasonable doubt’ that too substantiated by adequate evidences.⁴⁰ Another observation marked is that the criminal sanctions for willful infringements have been noted as possibly disadvantageous in terms of, non-substituting the compensatory factor of civil remedies, yet another response notes the requirement of judges and authorities equipped in dealing investigation and prosecution aspects, possibility of over deterrence to innovation.⁴¹

Yet another view maintains criminal prosecution to take long time, in the absence of experienced public prosecutors, to deal patent and patent infringement matters⁴² wherein complex techno-legal issues, and proof of willfulness, is expressed burdensome. Comparing trademark (and copyright) *versus* patent enforcement³⁴ under TRIPS, it is unclear whether understanding of intellectual property rights enforcement was only limited to counterfeited trademarked goods (and copyright piracy) in the light of menace during 1973 to 1979 approximately – considered in the TOKYO round?⁸ The predominance of this menace – with significant commercial losses – could be seen as the only justification that can be inferred for patent enforcement being left out circumstantially in negotiations and no more.

Speaking from commercial perspective, both; the patented and trademarked goods narrow down on the quality of goods being offered to consumers, why should the enforcing treatment be different. Automobile sector is already trying to fight the counterfeit goods menace, which are originally patented as well by the companies in addition to their trademarked protection. The views desirous of providing criminal sanctions for willful patent

infringement – trademark (and copyrights even) – claim counterfeiters as criminals than merely competitors who infringe such intellectual property rights, and demand a deterrence sanction to be imposed which has not been achieved through civil remedies.⁴³

The deterrence being the obvious purpose of criminal sanction, the same should be in proportion to the gravity of crime. Providing criminal sanction for patent infringements – willful or otherwise – is practically implementable, and clearly evident in the laws of countries imposing them. The presumption of piracy and counterfeiting by their very nature is commercial crimes comparable to fraud and alike.⁴⁴ The same could have been extended to willful infringement of other intellectual property since a commercial crime presume the willfulness element and it is only converse that needs to be proven.

Making criminal sanction for willful patent infringement ‘optional’ may seem for some, to suffice only a debate for the sake of it, but the reality is responding the obligations of international trade pressures, to changing circumstances, being an active international trade participant. Comparing the countries implementing criminal sanctions for willful patent infringement with non-implementing ones is without any value adding outcome, as sentencing proportions and thresholds differ across the countries but could be entrusted to the courts.⁴⁵

To iterate the earlier common remark, ‘sophisticated and strong patent policies are fundamental to carve a uniform trade structure’. With the socio-economic factors at predominance, criminalizing willful patent infringement in India may not be agreeable at the outset, but neither is it impractical and early to make an objective enquiry on patent right enforcing mechanism in India and the incidental enquiry then shifts as whether patent enforcement mechanism in India is equipped to handle a deterrent patent enforcement regime, like criminalizing willful patent infringement?

Having a strong legal right enforcement regime is all about either having a responsible mindset of masses or mass imposition of deterrence. Unfortunately, latter has proven effective time and again. ‘Should Willful patent infringement under Article 61 of TRIPS be criminalized?’ hence, also calls upon the necessity of equipping the patent enforcing mechanism up to the competitive threshold and making it value added; meaningful.

Equipping the Patent Enforcement Mechanism in India

Ability to enforce the infringed patent right confers value to it, and infringement litigation hence logically has a direct impact on patent system as a whole. Therefore, the patent litigation – the patent enforcement mechanism – essentially assumes the execution point of patent enforcement.⁴⁶ Equipping the patent enforcing mechanism hence, is the practical and actionable step. Equipping proposes the enablement of the enforcement machinery – including prosecutors and honorable judges – in understanding the complexity, techno-legal dimension, of patent subject matter and thereby improvising their expertise, their know-how not only on working of patents but also on infringement of patents. The implementation of the same may be difficult, but not impossible.

With The introduction of the ‘Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act, 2015’ with corresponding 2018 amendments infringement proceedings have seemed to be streamlined⁴⁷ however couple of issues, have been already put forth by fraternity.⁴⁸ The fundamental legislating law forming the commercial courts was more of a policy decision than with an objective to deal the ‘litigation culture in India’. The reason was ‘to thrust India’s ranking in ‘Doing Business’ reports of World Bank published annually. The said step may be reasoned as to reforming commercial litigation, but in general, and does not deal with intellectual property disputes as the only subject matter per se. The courts under this act cannot be considered as special courts; at least with the patent enforcement context since the honourable judges under the prescribed hierarchy are the existing ones, assigned or designated to corresponding hierarchy⁴⁹ The typical impediments ranging right from the knowledge on disputed patent subject matter to the skill sets required to interpret the ‘techno-legal document’ in question prevails anyway.

The Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act, 2015 or simply “Commercial Courts Act” may be considered only a beginning, towards the overall goal of effective patent enforcement mechanism, but an inadequate one, by generalizing patent rights dispute under the definition of ‘commercial dispute’.⁵⁰ Way before their grant, patents require the understanding of complexities pertaining to a peculiar subject

matter, so is the case, in understanding the infringement of such patent right to it.

Section 12A of Commercial Courts Act is boasted to have brought effective remedy through the requirement of pre-institution mediation, but the same is conditional and applicable only in case of ‘a suit not contemplating an urgent interim relief’ like an interim injunction.⁵¹ Hence, it is argued that generalizing patent infringement under commercial court disputes, as such, neither touch upon the special considerations like understanding the techno-legal aspects, required for patent infringement, nor does it even attempt to address the issue of willful infringement of patent or efficient infringement of patent under Article 61 of TRIPS.

Evidently, commercial appreciation of patents at the time of TRIPS during the negotiation rounds was certainly limited, even ‘nil’ to a great extent by the developing countries; may be due to per se lack of understanding about working of patent systems, or being rejected due to the economic, social, infrastructural inadequacies of the countries to co-opt the patenting system, at that time. The question is that, with advent of sophistication of technology, can India and countries alike now afford to remain aloof from this issue?

Incorporating Criminal Sanctions for Willful Patent Infringement in India

Bombay High Court in *Glenmark Pharmaceuticals Limited v Galpha Laboratories Limited*⁵² has recently taken the initiative where exemplary damages were ordered to Galpha to be paid to Kerala flood relief funds, to serve deterrence. Such examples reveal the role that judiciary can play in setting the framework of deterrent punishments. Galpha was deemed as a ‘habitual offender’ – the term obviously encompassing the doctrine of ‘willful infringement’; and such exemplary damages were awarded only after set of infringement suits gave a status to ‘Galpha’ as ‘habitual offender’. The question is why was ‘Galpha’ deemed as habitual offender, or equivalently what would make an entity ‘willful patent infringer’? The apparent answer would be lack of deterrence.

Delhi High Court while adjudicating *Hindustan Unilever Limited v Reckitt Benckiser India Limited* on a case of disparagement through advertisements, dealt with the issue of punitive/exemplary damages, and held wilfulness in terms of “*deliberated actions in spite of being that such actions are wrong doings*”.⁵³

This case, *per se* though is not about patent infringement but address the ‘wilfulness standard’ for patent infringement as well.

Further, to the above initiatives of the honourable courts, the discussion on equipping the patent enforcing mechanism, attention is drawn to Section 111(1) Patent Act 1970. Section 111(1) of Indian Patent Law restricts courts to not grant of damages and accounts of profits in case the defendant is able to prove his lack of knowledge on the existence of patent, on the day of infringement.⁵⁴ Conversely this also indicates Indian legislative intent to recognise the ‘wilful element’, and is implicit in the grant of damages or accounts of profit. The question remains on the deterrence of remedy ‘should wilful patent infringement be criminalized – in India?’

The question of criminalizing willful patent infringement in India acquires quite logical position and *per se* cannot be a deterrent since Section 111(1) counter balances it. Section 111(1) provides a relief from the criminal liability of willful patent infringement if defendant is able to prove his lack of knowledge on existence of patent. Thus, incorporating criminal sanction provision in Patent Law is very much feasible in India without being an over deterrent remedy.

Border Measures

The set of judicial decisions⁵⁵ regarding border measures in recent past more or less pointed out common issues like; ‘task of determining patent infringement’, ‘lack of guidance in government circular⁵⁶ for custom authorities; whether the custom authorities are empowered at the outset to determine patent infringement before clearance of good’. Such issues are very fundamental in enforcement of border measure mechanism.

The Department of Revenue, Ministry of Finance amended Custom notifications⁵⁷ excluded Patent Rights from scrutiny of Customs border measures.⁵⁸ The reason in the preamble of the notification being general in nature that is, ‘in the public interest’. Another relevant observation could be found in *LG Electronics India Pvt. Ltd. v Bharat Bhogilal Patel & Others*⁵⁹ that is, the difficulty of determining patent infringement by customs officers. Such issues in reality coupled with the amendment above, effectively impacts the right of patentee under Section 48 of Indian Patent Act 1970 with a dilemmatic issue; either equip and train customs officers to determine patent

infringement or to amend Section 48 of Indian patent act to remove importing action from the ambit of patent right. Article 51 of TRIPS has already been evaluated for not including the border control obligations or restrictions regarding patented goods.⁶⁰ Thus, border measures with the above issues are ineffective in handling patent infringement in general, dealing with willful patent infringement is a far from practical scenario, but has reaching impact on patent holder’s right.

Willful Patent Infringement, India and TRIPS

Indian Patent Law indeed provides for the seizure and forfeiting of infringing goods, implements and materials predominantly used for producing the infringing goods, however the ‘wilfulness element’ stated under Article 61 of TRIPS demands a higher ‘level of deterrence considering the corresponding gravity under of the act in willfulness’ and the same is explicitly mentioned in Article 61.

The ‘willful infringement of patent’ being an anti-competitive, trade restrictive and impedimentary practice to international trade, is very much aligned with India’s vehement stand taken upon ‘trade restrictive and anti-competitive practices’ during TRIPS negotiations. Accordingly, enquiring the feasibility of a criminal sanction for willful patent infringement is not out of place principally for India, no matter Indian Patent Law does empower the courts to order the forfeiture and seizing of infringing goods. The said remedy can be so, even for non-willful patent infringement. The present consideration is about specifically ‘wilfulness element’ which attracts higher degree or level of deterrence.

India like other developing countries is under pressure to be competitive internationally and needs to cater to the international expectations including strengthening of Intellectual Property regime around trade and commerce, and with a due consideration to strong enforcement mechanism of patent right. To be fair, for some sectors of industry, India’s manufacturing potential is criticized for not being internationally competitive, automobile and textile sectors particularly.⁶¹ The blame is on lower import duties of the automobile components that make the said sector less competitive; the labour intensive textile sector cannot perform internationally due to outdated labour regulation mechanism, and high import tariffs on artificial fiber and fabrics, affecting the prices of apparels and catering their demand not

just internationally but domestically even.⁶² The point is that, in spite *per se* the absence of home manufacturing and innovation as alleged, can India wait to strengthen its patent regime till its complete evolution and achievement of domestic ‘make in India’ potential? The evolution of Indian patent system has been more of a compliance based under international pressures and the then governmental decisions – to get aligned with such international pressures of trade.

Knowledge-Based Businesses, Economies and IPR - Patent

The contemporary justification for patent enforcement calls upon the mention of knowledge-based business economies. The knowledge-based businesses and economies bring fore altogether different dimension wherein intellectual properties have evolved predominantly as trading assets than mere protection tools, and such transition would logically entail a strong enforceable protection.⁶³ With India being no exception, ‘knowledge-based activities of businesses’ are becoming impetus for intellectual property – particularly patents for science and technological companies. A typical patent portfolio – along with other forms of intellectual property, is now *per se*, ‘intellectual property management’.

Thus, the industrial intellectual properties like patents, designs and trademarks have risen to a next level in international trade in the form of trade assets. However, their essence still falling back in the ‘level of protection’ and enforcement; stronger the protection higher will be the cost and number of transactions of such trading assets. Accordingly, developed economies are obviously demanding the strengthening of patents regime in developing countries jurisdictions.⁶³ The fact that the ‘wave of strengthening the level of protection of patents’ may have been delayed but seems unstoppable and to an extent irresistible;¹⁰ it is merely a question of time.

Conclusion

The Chinese Panel on intellectual property rights while acknowledging the ‘potential gravity of intellectual property rights other than trademarks and copyrights, getting infringed willfully and commercially’ have identified the softer treatment to patents as a discrimination and limitation of Article 61 of TRIPS. Enforcement section of TRIPS lay down general obligations, but absent the guidelines of their

incorporations. It is argued that the degree of enforcement of a right is directly proportional and importantly to the remedial action on its violation. Article 41(5) of TRIPS has underestimated importance of measures and mechanisms of patent enforcement. The said Article clearly states the non-obligatory nature of this provision in mentioning the non-requirement of ‘*putting in place, a judicial system distinct from the one for enforcement of law in general.*’

International perspective – TRIPS and American Jurisprudence

- (i) Article 41 stipulates no mandate of a separate judicial mechanism to enforce the patent rights including the willful patent infringement.
- (ii) The study has also revealed that some countries provide for criminal sanction as a remedy for patent infringement ‘willful or not’ the factors for which though are not clear and out of the scope of this study. ‘Willful patent infringement’ nonetheless is of quite significance in the light of discussions as that efficient infringement theory in the earlier discussions.
- (iii) In United States of America, where the doctrine is deliberated the most in courts of law does not provide the criminal sanction for ‘willful patent infringement’. The clarity in interpretation of the doctrine has been dynamically changing since long and does not find a settled place even as on date.

Indian Perspective and Feasibility with respect to Indian Patent Act 1970

- (iv) India has adopted the IPR regime solely on the basis of showcasing its ‘ease of doing business promoting itself as an international player.
- (v) India being pursued and, in a way, pressurized time and again, on strengthening the patent enforcement – USTR 2020 Report – has a task to carve for itself a balanced approach delicately balance the deterrence *viz a viz* over-deterrence if not today, in near future at least
- (vi) The current efforts undertaken by honorable judiciary are voluntary and territorial for example the proposed “High Court of Delhi Rules Governing Patent Suits, 2020” (Rules)” to apply on suits related to
 - Infringement of patent rights granted under Section 48 of the Patents Act, 1970 (Act);
 - Declaration as to non-infringement under Section 105 of the Act;

- Grant of reliefs under Section 106 of the Act, in cases of groundless threats of infringement proceedings; and
- Counterclaim of revocation of patent, filed under Section 64 of the Act by the defendant in an infringement suit.

However, there are shortcomings to this attempt in addressing the willful patent infringement.

- (vii) The incorporation of criminal sanction in the Indian Patent Act 1970 is feasible with the help of Section 111(1) of Indian Patent Act 1970.
- (viii) The amended patent rules of 2018 are being projected as aligned towards and in favourable of 'ease of doing business' however the said amendments are predominantly in respect of expedited examinations, fast-tracking the patent applications processing and procedure. The said rules don't cover the patent enforcement aspect or patent infringement related dimensions.

Making Article 61 Meaningful

International perspective

A distinct enforcement mechanism to understand, interpret, and enforce patent rights particularly, is very much needed, such distinct patent enforcement mechanism is going to add a value in terms of streamlining the process and realizing the objective of patent right as a system.

- Article 41(5) of TRIPS definitely needs to be reviewed and should lay down a requirement of a mandate of a 'patent enforcement judicial machinery' distinct from the conventional one for patent enforcement. Though, Article 41(5) does not oblige the need of separate judicial mechanism, author highlights the need due to techno legal complexities of patents.
- Article 41 Clause (5) – contrary to its current provision of retaining the current judicial mechanism for IPR enforcement – needs to provide a mandate of having a distinct and separate judicial mechanism for 'patent enforcement'. equipped with a training on the technological complexities of patent subject matter as well.
- The enforcement objective under TRIPS in case of 'willful patent infringement' would be realized fruitfully, if Article 61 is read along with Article 41(5) - specifying the obligation of state towards enforcement of IPR regime. Willful patent infringement – and criminal sanction for such, if at all to be considered – under Article 61 cannot be

appreciated without the specific articulation of Article 41 requiring a 'patent enforcement judicial mechanism' distinct from the one in place.

- Providing a criminal sanction for a 'willful patent infringement' is quite feasible with a balance of deterrence *viz a viz* over deterrence.

Indian Perspective

- Incorporation of trebling of damages based on American model could be considered as of now.
- Criminal sanction imprisonment – on subsequent or on the third occasion of willful patent infringement.
- In furtherance of the objective of enquiring the feasibility, in India criminalizing the willful patent infringement could be made feasible with the help of Section 111(1) of Patent Act 1970, by adding a proviso under subsection (1) as below, which would balance the deterrence *viz a viz* over-deterrence consideration in considering the criminal sanction. The proviso to Section 111(1) of Patent Act 1970

"For the purposes of sub-section (1), the defendant shall cause suitably a search for determining whether a patent, relevantly similar, to his product has been granted or is in process of grant. The defendant shall produce an evidence of legitimate prior-art search undertaken."

References

- 1 Patent enforcement being significant towards implementing a uniform trade regime, with the standards balanced. Some countries have already taken the step by implementing criminal sanction for patent infringement – willful or otherwise.
- 2 The Office of the United States Trade Representative (USTR) is responsible for the preparation of this Report; the Special 301 Report (Report) is the result of an annual review of the state of IP protection and enforcement in U.S. trading partners around the world, which the Office of the United States Trade Representative (USTR) conducts pursuant to Section 182 of the Trade Act of 1974, as amended (the Trade Act, 19 U.S.C. § 2242).
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