

Legal Issues in ‘Interlocutory Orders in IP Suits’

Topic: ‘Do Defendants in IP Suits Have a Right to be Heard Prior to Passing of Ad-Interim Injunctions?’

Relevant Legal Provisions

❖ Order XXXIX Rule 1 & 2, Civil Procedure Code, 1908

“1. Cases in which temporary injunction may be granted – Where in any suit it is proved by affidavit or otherwise—

...

*the Court **may** by order grant a temporary injunction to restrain such act, or make such other order for the purpose of staying and preventing the wasting, damaging, alienation, sale, removal or disposition of the property [or dispossession of the plaintiff, or otherwise causing injury to the plaintiff in relation to any property in dispute in the suit] **as the Court thinks fit**, until the disposal of the suit or until further orders.*

2. Injunction to restrain repetition or continuance of breach.—(1)... the plaintiff may, at any time after the commencement of the suit, and either before or after judgment, apply to the Court for a temporary injunction to restrain the defendant from committing the breach of contract or injury complained, of, or any breach of contract or injury of a like kind arising out of the same contract or relating to the same property or right.

*(2) The Court **may** by order grant such injunction, on such terms as to the duration of the injunction, keeping an account, giving security, or otherwise, as the Court thinks fit.” (Emphasis supplied)*

Relevant Legal Provisions (Contd.)

❖ Order XXXIX Rule 4, Civil Procedure Code, 1908

“4. Order for injunction may be discharged, varied or set aside.—Any order for an injunction may be discharged, or varied, or set aside by the Court, on application made thereto by any party dissatisfied with such order:

[Provided that if in an application for temporary injunction or in any affidavit supporting such application, a party has knowingly made a false or misleading statement in relation to a material particular and the injunction was granted without giving notice to the opposite party, the Court shall vacate the injunction unless, for reasons to be recorded, it considers that it is not necessary so to do in the interests of justice:

*Provided further that where an order for injunction has been passed **after giving to a party an opportunity of being heard**, the order shall not be discharged, varied or set aside on the application of that party except where such discharge, variation or setting aside has been necessitated by a change in the circumstances, or unless the Court is satisfied that the order has caused undue hardship to that party.]”*

Relevant Case Laws (Contd.)

❖ **Wander Ltd. and Ors. v. Antox India P. Ltd. [C.A. Nos. 1892/1893 of 1990, Judgment dated April 26, 1990, Supreme Court]**

“ 5. The object of the interlocutory injunction , it is stated is to protect the plaintiff against injury by violation of his rights for which he could not adequately be compensated in damages recoverable in the action if the uncertainty were resolved in his favour at the trial. The need for such protection must be weighed against the corresponding need of the defendant to be protected against injury resulting from his having been prevented from exercising his own legal rights for which he could not be adequately compensated. The court must weigh one need against another and determine where the "balance of convenience lies". The interlocutory remedy is intended to preserve in status quo, the rights of parties which may appear on a prima facie.”

“.....in restraining a defendant from exercising what he considers his legal right but what the plaintiff would like to be prevented, puts into the scales, as a relevant consideration whether the defendant has yet to commence his enterprise or whether he has already been doing so in which latter case considerations somewhat different from those that apply to a case where the defendant is yet to commence his enterprise, are attracted.”

Relevant Case Laws (Contd.)

❖ **Laxmikant V. Patel v. Chetanbhat Shah & Anr. [AIR 2002 SC 275]**

“7.The principal issue determinative of the grant of temporary injunction would be whether the business of the plaintiff run in a trade name of which Muktajivan is a part had come into existence prior to commencement of its user by the defendants and whether it had acquired a goodwill creating a property in the plaintiff so as to restrain the use of word Muktajivan in the business name of a similar trade by a competitor, i.e., the defendants.”

“8.The ground is not to be limited to the date of the proceedings; the court will have regard to the way in which the business may be carried on in the future, and to its not being carried on precisely as carried on at the date of the proceedings. Where there is probability of confusion in business, an injunction will be granted even though the defendants adopted the name innocently.”

“14.Once a case of passing off is made out the practice is generally to grant a prompt ex-parte injunction”.

*“16.on the plaintiff succeeding in making out a prima facie case, the court shall have to concentrate on the likelihood of injury which would be caused to the plaintiff in future and **simply because the business under the offending name had already commenced before the filing of the written statement or even shortly before the institution of the suit would not make any difference and certainly not disentitle the plaintiff to the grant of ad-interim injunction.**” (Emphasis Supplied)*

Relevant Case Laws (Contd.)

- ❖ **Shenzen Oneplus Technology Co Ltd v. Micromax Informatics Limited [FAO(OS) 540/2014, Judgment dated December 24, 2014, Delhi High Court]**

“31. A delicate balance has to be struck between the right of the plaintiff and the right of the defendant at the stage of granting an ad-interim injunction. Only if a Court were to find that so grave and so irreparable is the injury that even a day's delay cannot be brooked, and so strong is the prima facie case made out, only then would a Court be justified in granting an ad-interim injunction and thereafter proceeding to consider whether to confirm the same or not after hearing the defendant. It would be a situation akin to a post decisional hearing”.

“33. The grievance of the appellant that the hurried hearing (and that for the parties to be blamed for putting pressure on the learned Single Judge) was to be limited to grant of a pro tem measure and not decide the injunction application finally, in the facts noted by us hereinabove, merits acceptance, for the reason in the instant case unless the parties were given an opportunity to file their pleadings it was not proper to decide the injunction application finally”.

Relevant Case Laws (Contd.)

- ❖ **American International School, Chennai v. American International School, Greater Noida and Ors. [CS(COMM) 84/2023, Judgment dated February 16, 2023, Delhi High Court]**

“28.a prima facie case of infringement and passing off is made out on behalf of the plaintiff. Balance of convenience is in favour of the plaintiff. Irreparable harm would be caused not only to the plaintiff but also to the public if an ex parte ad interim injunction as sought is not granted in favour of the plaintiff.”

- ❖ **Birla Institute of Technology and Science, Pilani v. Maa Bhagwati Educational Society & Anr. [CS(COMM) 96/2023, Judgment dated February 22, 2023, Delhi High Court]**

“ 17. A prima facie case of infringement appears to exist. However, as the court has also to keep in mind the balance of convenience and irreparable loss before granting an injunction, and as the defendants' institution has been running since 2012 even as per the assertions in the plaint, and keeping in mind the fact that the defendants' is an educational institution which involves the welfare of students, I deem it appropriate to give one opportunity to the defendants to respond to the application seeking stay before taking a decision thereon.”

Relevant Case Laws (Contd.)

- ❖ **Kewal Ashokbhai Vasoya & Anr v. Suarabhakti Good Pvt Ltd [COMAPL/ 31992/ 2022, Judgment dated October 07, 2022, Bombay High Court]**

“9. The general rule, therefore, is that both sides must be heard before an interlocutory order is made under Order 39.

“ 23. when there is a time limited ad interim injunction and the matter is listed on a specific date, it is open to the defendant to file an Affidavit in Reply to show on that day why that ad interim order should not be continued or should be varied. After all, the purpose of listing the matter after a few days is precisely to consider whether the ad-interim injunction ought or ought not to be continued”.

- ❖ **Dabur India Limited v. Emami Limited [FAO(OS) (COMM) 171/2023, Judgment dated August 21, 2023, Delhi High Court]**

“ 8. Having conferred our thoughtful consideration on the rival submissions noticed above, we find that, undisputedly, the suit upon being presented on or about 02 August 2023 came up for consideration for the first time on 07 August 2023. The ad interim injunction came to be granted merely two days thereafter on 09 August 2023. Admittedly, and as per the plaintiffs / respondents own case, the product of the appellant / defendant had been introduced somewhere around May 2023. In our considered opinion, this fact alone warranted the appellants / defendants being accorded at least a rudimentary opportunity to oppose the application which sought grant of ad interim injunction”.

Relevant Case Laws (Contd.)

❖ **Silvermaple Healthcare Services Pvt. Ltd. & Ors. v. Dr. Ajay Dubey & Ors. [CS(COMM) 570/2023, Judgment dated August 28, 2023, Delhi High Court]**

“ 20. in view of the principle enunciated in a recent order, passed by the Division Bench of this Court on 21 August 2023, the prayer for interim injunction, restraining the defendants from using “DFI” as a trademark cannot be granted without allowing the defendant an opportunity to file a reply to the present application.....where the impugned mark has been used by the defendant for any length of time, that sole factor would entitle the defendant to an opportunity to respond, inviting, to the prayer for interlocutory injunctive relief, before orders are passed by the Court thereon ” (Emphasis Supplied)

“21.various Single Benches of this Court have, in the past, been granting ad interim injunctive reliefs, often ex parte and on the very first date of hearing, even where the defendant has been using the impugned mark, or where the longevity of user, by the defendant, of the impugned mark, is unknown, that position cannot, in my considered opinion, continue, in view of the afore extracted enunciation of the legal position by the Division Bench in Dabur”. If the defendant has been using the impugned mark, before the plaintiff instituted the suit, then, in all but, possibly, the most exceptional cases, the decision in Dabur would obligate the Court to extend, to the defendant, an opportunity to submit a written response to the prayer for interlocutory relief, before proceeding to pass orders thereon.” (Emphasis Supplied)

Relevant Case Laws (Contd.)

- ❖ **Hulm Entertainment Pvt Ltd. & Ors. v. SBN Gaming Network Private Limited & Ors. [FAO (COMM) 209/2023, Judgment dated October 11, 2023, Delhi High Court]**

“2. The view as expressed by the learned Single Judge appears to proceed on the assumption that Dabur India had laid down an inviolable rule that no ad interim or ex parte injunction should be granted before the respondent / defendant has been accorded a preliminary opportunity to respond.

*A Division Bench of this Court has, in a recent decision in Dabur India Ltd. v. Emami Ltd. observed, in para 8 of the judgment, albeit in the context of trade marks that **where the defendants have been using the impugned trademarks - in that case, the use was only for about two months before the suit was instituted - the Court should avoid passing any ad interim order without affording the defendant a chance to file a response to the interim application.** This Court has been diligently following the said decision in various orders. No doubt, in cases where the Court is dealing with counterfeits, or spurious drugs, or where pre- eminent public interest not limited to the commercial interest of the plaintiff is involved, I have passed ad interim orders even ex parte.” (Emphasis Supplied)*

Relevant Case Laws (Contd.)

- ❖ **Hulm Entertainment Pvt Ltd. & Ors. v. SBN Gaming Network Private Limited & Ors. [FAO (COMM) 209/2023, Judgment dated October 11, 2023, Delhi High Court]**

“5. paragraphs 8 and 11 of Dabur India cannot possibly be construed as interdicting a court from considering the grant of ad interim or ex parte reliefs, if circumstances and the facts of that particular case so warrant. The conclusion of the learned Judge that Dabur India bids courts to "avoid" passing an ad interim order prior to the defendant being afforded an opportunity is clearly incorrect. This Court in Dabur India neither propounds such a rule nor does it enunciate such a "standard" as observed by the learned Single Judge. The learned Judge also appears to have erred in understanding Dabur India enunciating a rule that injunction must be refused if it be found that the infringing product has been on the market for some time. The observations made in this regard were liable to be appreciated bearing in mind the stand of the appellant there who had asserted that its product had been in the market since 2006”.

“ 6. Ultimately, the grant of an injunction would have to be evaluated on the facts and circumstances of each case. All that need be observed is that Dabur India neither propounds a "test" nor did it lay down a "standard" against the grant of injunction, ex parte or ad interim”.

Conclusion

- ❖ There is a pattern of granting ex-parte interim injunctions without providing an opportunity to the defendant to be heard, which has led to judicial observations on injunctions granted without substantial proof.
- ❖ Granting an interim injunction order, which is within the discretionary power of the Court towards maintaining equity, to be just and fair the court should pay heed to/ grant an opportunity to the defendant to be heard/ file a reply against the application.
- ❖ The judicial development hints a more assessed approach by the Court regarding ad-interim ex-parte injunctions to curb unfairness and protect defendants from undue harm. It marks a much-needed improvement upon the uncertain judicial stance on *ex parte* interim injunctions.
- ❖ The process of allowing the right to be heard doesn't weaken the assessment of the plaintiff's claim in any manner, rather maintains the fundamental purpose of injunction orders — maintaining fairness. However, ad interim injunctions hold separate importance in the litigation process, especially when the other party just doesn't show up, irrespective of intimations. This happens rather frequently, for instance, in (genuine) cases concerning counterfeit goods and is bound to affect plaintiffs adversely. In such situations, the added qualification in this order may be helpful so long it is clearly understood to be the “exception” and not the rule.

THANK YOU!

Questions?

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