

# Pre-trial injunctions in Pakistan's patent world

By Faisal K. Daudpota

Courts in Pakistan readily grant ex parte pre-trial injunctions to the patent owners who are able to demonstrate to the court that they have a prima facie case, that the balance of inconvenience favours them and that they will suffer irreparable loss in the absence of such an injunction. The average time span for an injunction application to be heard and disposed of is a year and a half.<sup>1</sup> During such period the patent owners enjoy the protection of the Court even when the Court has not proceeded to tentatively assess the patent owners rights in the light of objections that the alleged infringers have raised. This article assesses the adjudications that constitute the legal principles governing the grant of interlocutory injunctions in patent infringement litigation in Pakistan.

It was in the recent case of *Atco Lab. (Pvt.) limited v Pfizer Limiter & Others*<sup>2</sup> that the Karachi High Court cited additional factors for analyzing the overall conduct of the party seeking injunction, that are:

- (a) Whether he has approached the Court with considerable delay and not acted vigilantly and promptly?
- (b) Whether he has not approached the Court with clean hands?
- (c) Whether grant of injunction will be against public interest/public policy?
- (d) Whether grant of injunction will place a party in an undue advantage which will perpetuate injustice?
- (e) Whether the loss/damages likely to be suffered by a party due to refusal of injunction will be calculable in terms of money?
- (f) Whether party approaching the Court for injunction has suppressed material facts and acted in a malafide manner?

If answer to any of these questions is in affirmative, the relief of injunction being discretionary in nature can be declined having regard to the facts of the each case.<sup>3</sup>

## Prima facie case

The Courts have discussed various elements of the above principles time and again, of which the most important one is the existence of a *prima facie* case that is, there is a strong likelihood of patent owner's success against the infringer. The very first case to discuss this aspect was *Sandoz Limited v Pakistan Pharmaceutical Products Limited*<sup>4</sup> where the Karachi High Court adjudicated that there exists a prima facie case for the grant if interlocutory injunction because the plaintiff's patented drug, KETOTIFEN, '... carries behind it a molecular and structural formula which is the outcome of research, labour and expense of the plaintiff', therefore, an interlocutory injunction was granted against the defendant who was manufacturing and selling KETOTIFEN under the trade name of KATIFEN.

Serious consideration to the prima facie aspect was given in the case of *Glaxo Group Limited v Euron (Private) Limited*<sup>5</sup> where, a division bench of the Karachi High Court ruled that 'in making 'Melafax' in Canada, the manufacturers M/s. Apotex Inc., Toronto, use *rانيتidine hydrochloride* which is protected by the Pakistan patent (of the plaintiff). Its importation and sale here (by the defendant) is a prima facie infringement', further, that '..... 'Melafax' is medically equivalent to 'Zantac'. As soon as it is put into human body, it does have the same effect as 'Zantac'. In these circumstances, we think there is a prima facie case for saying that there was infringement.'

A *Prima facie* case was also established in *Smith Kline & French Laboratories Ltd v Ferozsons Laboratories Ltd*<sup>6</sup>, whereby, it was held that plaintiff's patent<sup>7</sup> has subsisted without any challenge and the defendants have not filed any counterclaim for revocation of the patent. Further, that the defendants failed to show that their drug has been produced by a process other than the process for which the plaintiff held the patent.

To sum up this section, a plaintiff must demonstrate, in a patent infringement suit, that he has a valid and uncontroversial patent; and that there is occurring an infringing activity like unauthorized manufacturing and importation. When it is a pharmaceutical patent in question, the doctrine of equivalents can also be invoked.

## Balance of inconvenience and irreparable loss

As regards balance of inconvenience, the Court in *Sandoz Limited's Case*<sup>8</sup> maintained that '... where no plausible explanation is forthcoming (from the defendant) the mischief should be suppressed as early as possible and the piracy causing financial losses to the plaintiff and who knows hazard to the public at large which remains unexplained should not be allowed to continue.'

Another instance worth mentioning is the *Smith Kline's Case*<sup>9</sup>, where the Court laid down that 'the plaintiffs have made "enormous" investment in the drug Cimetidine A which, it is averred, is one of the world's largest selling prescription medicines running into one billion dollars annually. The defendants, on the other hand, do not manufacture their drug but merely import it in powder from manufactures aboard and sell it in Pakistan; and there is nothing on the record to show the capital investment, if any, made by the defendants in their business of importing and selling the drug in question. Further, if the temporary injunction is refused and the plaintiffs succeed at the trial, they will not only suffer losses during the period while the suit remains pending disposal but also in the period thereafter because the defendants, in the time, will be able to build up their market and, consequently, offer greater competition. The plaintiffs would thus, be subjected to continuing losses which it may be impossible to assess. On the other hand, in

the event of injunction being granted and the defendants succeeding at the trial, the damages which they will suffer will be more easily assessable. The balance of convenience is, therefore, in favour of granting the temporary injunction as prayed.'

Therefore, the relevant consideration for interlocutory injunctions would also include that whether the plaintiff's investment or market share will be at stake or not.

### Public interest defence

Like other legal regimes, the Courts in Pakistan also require that preliminary injunction should not go against the public interest, therefore, in the case of *American Cyanamid Company v Pakistan Pharmaceutical Products*<sup>10</sup>, the Court

found that a monopoly is being exploited or such privilege, as arises upon sealing of the patent, is being misused in disregard of the public interest such relief can be refused on the equitable considerations.'

However, in *Smith Kline's Case*<sup>12</sup> it was held that 'the contention that temporary injunction against the defendants would operate against public interest was based on the allegation that the price of the plaintiffs' drug is exorbitant as compared to the price at which the defendants are selling their drug. That, however, is not a relevant consideration for the purpose of the present application.'

Again, recently, in *Atco Laboratories Case*<sup>13</sup> the adjudication came out that '... It may appear that pricing is not a relevant consideration for examining

So if one wants to drive some principles as regards public interest defence then the preliminary injunction will not be granted by Pakistani Courts if it will result in hindrance to the progress of science or will permit the maintenance of artificially high prices of patented drugs that are taken out of necessity.

### What if infringement suit is delayed?

Delay in filing a suit patent infringement suit is generally considered fatal to the grant of interlocutory injunction, as was adjudicated in the *AEG Telefunken Pakistan Ltd v Electric Concern Corporation*<sup>15</sup> that '... according to the plaintiff's own case they came to know about the sale Miniature Circuit Breaker with three power plug by the defendant in, or about, July 1980 while the present suit was filed in this Court in 21-11-1983 ... view of the fact that for all these years the defendant continue to import and sell the product in the open market unabated, this fact alone is sufficient to disentitle the plaintiff to claim relief by way of temporary injunction.'

Similar position was taken by the Court of first instance in *Glaxo Group's Case*<sup>16</sup>, whereby, it was held that '... a plaintiff may be estopped by reason of his conduct from making a claim of infringement against the defendants ... Corresponding though not equivalent is often the question of acquiescence that may arise on account of conduct which may date back even prior to infringement. ... it is enough for the purposes of interlocutory relief that prima facie there is an admitted state of things which could be labelled as conduct contributory to infringement, if any, and estoppel or acquiescence or both may arise on the trial.' Further, 'This is not without good reason. A Patent operates as a bar to productive activity in a given field for specified periods of time. A patent generates a tight in rem. Enforceability of such right against the whole populace has to be within strict compass. If, therefore, by his conduct involving inaction a patentee passively allows other to enter his protected area of activity, incur expense or otherwise take decisive and irreversible step the persons so exposed should suffer real prejudice....' Further again, 'The glaring fact is that the infringement was in the knowledge of the plaintiffs as early as on 6-3-1989 and they, more or less, took more than a year to file the suit. ... I am

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ruled that '... The presumption that in an action for infringement, where the invention relates to the production of a new substance, any substance of the same chemical composition and constitution must be deemed to have been produced by the same patented process, hardly seems to fit into knowledge of scientific facts.... Theories propounded today are often exploded soon thereafter. The inventive genius of the people has been anything but stagnant. It will be doing insult to this genius if one were to conclude that an invention of today is the last word on the subject.'

Public interest has also been taken to mean as the issue of artificially high pricing of the patented drugs. As in *Glaxo Group Limited v Evron (Private) Limited*<sup>17</sup>, the Court of first instance, after considering the difference in pricing of the patented product between India and Pakistan, ruled that, 'it is true that pricing does not directly enter a dispute involving infringement. However, grant of an interlocutory injunction is an equitable relief and if it is

the question of infringement of a patent but ... (the) same is material for considering the question of grant or refusal equitable relief of injunction by the Court as any disproportionate and exorbitant pricing of a patented medicine and exploitation of monopoly by a company in this context may swing the balance of convince against such party found exploiting such monopoly by overpricing and seeking and undue cover to such monopoly and exploitation through injunction.'

In the same case the health care issue was also considered and included as public interest in the words that 'It is pertinent to note that the patented pharmaceutical compound of the plaintiffs and similar other compounds manufactured by other pharmaceuticals companies are mainly used for treatment of high blood pressure and therefore, the patients suffering, from this ailment must be taking such medicine out of necessity of and thus it can not be said that such treatment can be avoided by them without any serious risk to their health.'<sup>14</sup>

of the opinion that such delay, as is spoken of, is fatal to the grant or confirmation of an interim injunction.'

However, in *Smith Kline's Case*<sup>17</sup> the rule regarding delay or laches was put forth as 'such negligence or omission to assert right as, taken in conjunction with the great lapse of time and other circumstances, causing prejudice to and adverse party. If person seeking remedy has not committed such a delay as would cause prejudice to the other side or would amount to waiver or acquiescence on the part of the person seeking the remedy, technical plea, by itself, could not be sufficient to bar the remedy.'

## What about the rationale of *American Cyanamid v Ethicon*?

To the surprise of the readers, before concluding this article, I must mention here that the rationale of *American Cyanamid v Ethicon*<sup>18</sup> stands disapproved by a division bench in Pakistan in *Glaxo Group's Case*<sup>19</sup> in the following words that 'In the case of *American Cyanamid Company*, the House of Lords held that there was no rule in England whereby an applicant

for an interlocutory injunction against infringement of a patent must establish a "probability" as to validity, or a "prima facie case" or a "strong prima facie case" and that all that is required is that the Court "should be satisfied that there is a serious question to be tried." However, the Division Bench went on to say that we do not think that this Court should consider itself bound by the decision of equal jurisdiction which is out of line with the general current authority in our Courts relating to the principles governing the grant or refusal of temporary injunctions. The Court went on to say that 'We should perhaps add at this stage that the decision in that case has been subjected to trenchant criticism by the Court of Appeal in England, most notably by Lord Denning, M. R. in *Fellows and Another v Fisher* (1975) 2 AER 829 at page 836) on the ground that it is improbable to reconcile it with earlier decision of the House of Lords in *Stratford v Lindley* (1962) 1 AER 102'.

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- 1 This average has been arrived at on the basis of empirical data. Further, on the same basis, the life of a patent infringement suit is not less than three years in Pakistan
- 2 2002 CLD 120
- 3 See endnote No. 2 above
- 4 1987 CLC 1571
- 5 1992 GLC 2382
- 6 1992 MLD 2226
- 7 The Patent was for the compound known as Cimitidine 'A', that is, a polymorphic form of cimitidine which is substantially crystallographically pure
- 8 See endnote No. 4 above
- 9 See endnote No. 6 above
- 10 1970 Law Notes 455
- 11 PLD 1991 Karachi 252
- 12 See endnote No. 6 above
- 13 See endnote No. 2 above
- 14 See endnote No. 2 above
- 15 1985 CLC 155
- 16 See endnote No. 11 above
- 17 See endnote No. 6 above
- 18 [1975] A. C. 396; [1975] R. P. C. 513, HL
- 19 See endnote No. 5 above

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