

ENFORCEMENT OF PATENT RIGHTS IN A COUNTRY OF TRANSIT

Introduction

A foreign vessel, aircraft or land vehicle might be using a technology or carrying a product that might be protected by patent(s) in a country through which it might transit, whereas the technology or the product might not be protected in a country of origin or destination. Understanding enforcement of patent rights at the country of transit in such scenarios is of importance to parties engaged in international trade.

Patent infringement concerning inventions used in foreign vessel which is on transit

In the above discussed scenario, if a foreign vessel is using an invention, protected by patent in India, comes to India either temporarily or accidentally then the patent rights in India are not infringed, as long as the invention is used in the body of the vessel or on board the vessel only for its actual needs. Similarly, as long as a foreign aircraft or land vehicle uses an invention in its construction, working, or as accessories, the foreign aircraft or land vehicle is not deemed to be infringing patent rights in India. Section 49 of the Indian Patents Act, 1970 provides the provisions being discussed.

Section 49

Patent right not infringed when used on foreign vessels etc., temporarily or accidentally in India. – (1) Where a vessel or aircraft registered in a foreign country or a land vehicle owned by a person ordinarily resident in such country comes into India (including the territorial waters thereof) temporarily or accidentally only, the rights conferred by a patent for an invention shall not be deemed to be infringed by the use of the invention –

- (a) In the body of the vessel or in the machinery, tackle, apparatus or other accessories thereof, so far as the invention is used on board the vessel and for its actual needs only; or*
- (b) In the construction or working of the aircraft or land vehicle or of the accessories thereof, as the case may be.*

(2) This section shall not extend to vessels, aircrafts or land vehicles owned by persons ordinarily resident in a foreign country the laws of which do not confer corresponding rights with respect to the use of inventions in vessels, aircraft or land vehicles owned by persons ordinarily resident in India while in the ports or within the territorial waters of that foreign country or otherwise within the jurisdiction of its courts.

It shall be noted that India extends the above discussed provisions only to vessels, aircrafts or land vehicles owned by entities ordinarily resident in those countries that extend similar provisions to vessels, aircraft or land vehicle owned by entities ordinarily resident in India.

In the above discussed provisions and similar provisions in several other countries, the meaning of the word “temporarily” has the potential of being disputed, and the is apparent in *Cali v. Japan Airlines*.

In *Cali v. Japan Airlines* (1974), the United States District Court New York construed the word “temporarily” as:

"Temporarily," then, could not sensibly mean any less than entering for the purpose of completing a voyage, turning about, and continuing or commencing a new voyage.

In *National Steel Car, Ltd. v. Canadian Pacific Railway, Ltd.* (2004), the United States Court of Appeals for the Federal Circuit construed the word “temporarily” as:

"In conclusion, we hold that the definition of entering "temporarily," as: the word is used in section 272, is entering for a period of time of finite duration with the sole purpose of engaging in international commerce...If the cars are entering the United States for a limited time — that is, they are not entering permanently — and are entering only for the purpose of engaging in international commerce — that is, they are entering to unload foreign goods and/or to load domestic goods destined for foreign markets — they are entering "temporarily" for the purposes of section 272 regardless of the length of their stay within the jurisdiction of the United States."

In the case of *Rolltrailer*, a German court stated that for a stay to be considered non-temporary it would have to be of “at least several months.”, which was based on German domestic law relating to motor vehicles that considers a stay of up to one year to be temporary.

Two very notable cases that were responsible for the establishment of exemption from infringement of patent in the scenario being discussed are *Caldwel v. Vanvlissengen* and *John brown v. Duchesne*.

Caldwel (Plaintiff) v. Vanvlissengen (Defendant) in 1851:

A plaintiff had a patent on screw propeller in England. A Dutch based ship was a regular visitor to England, and was alleged to have employed the screw propeller for which the plaintiff held the patent rights in England. The English court was requested to grant an injunction against the defendants by the plaintiffs. The defendants squabbled for a fact that they were oblivion about the plaintiff’s English patent on propeller and plaintiff’s held no corresponding patent in Holland where the ship was built. The defendants emphasized the importance of propeller as it would aid in transportation of ship and an injunction would impeditment the trade between Holland and England. The English court granted injunction against defendant, the owner of the Dutch based ship. The English court suggested that if policy considerations dictated a different result then it was upon the legislature to change the law.

In response to the English court ruling, the parliament overruled the court decision legislatively by amending the patent law to add an exception to foreign vessels from infringement liability when they are in English waters.

John brown (Plaintiff) v. Duchesne (Defendant) in 1856:

The defendant was held for infringement of a patent which the plaintiff had obtained for an improvement in constructing the gaff of sailing vessels. The plaintiff alleged that the defendant has used the improvement at Boston without his consent. The defendant demurred that the improvement in question was used by him in the schooner that was built in France, and owned and manned by French subjects. At the time of the alleged infringement, the schooner was upon a lawful voyage, under the flag of France; and that the gaffs he used were placed on the schooner at or near the time she was launched by the builder in order to fit her for sea. The defendant further mentioned that the

improvement in question had been commonly used in French merchant vessels for more than twenty years before his vessel was built and it was a well-known common property of every French subject long before the plaintiff obtained his patent.

The question that arose in the court was:

“whether any improvement in the construction or equipment of a foreign vessel, for which a patent has been obtained in the United States, can be used by such vessel within the jurisdiction of the United States, while she is temporarily there for the purposes of commerce, without the consent of the patentee?”

Judgement by the court:

The court are of opinion that the rights of property and exclusive use granted to a patentee does not extend to a foreign vessel lawfully entering one of our ports; and that the use of such improvement, in the construction, fitting out, or equipment of such vessel, while she is coming into or going out of a port of the United States, is not an infringement of the rights of an American patentee, provided it was placed upon her in a foreign port, and authorized by the laws of the country to which she belongs.

It may be noted that a decision in favour of the plaintiff would confer political rights to the patentee and would interfere with legislation of Congress when exercising its constitutional power to regulate commerce.

Article 5ter:

Caldwel v. Vanvlissengen and *John brown v. Duchesne* cases had caught attention at international level and thus led to the revision of Paris convention for the insertion of article 5ter at The Hague on November 6, 1925.

Article 5ter:

In any country of the Union the following shall not be considered as infringements of the rights of a patentee:

(i) the use on board vessels of other countries of the Union of devices forming the subject of his patent in the body of the vessel, in the machinery, tackle, gear and

other accessories, when such vessels temporarily or accidentally enter the waters of the said country, provided that such devices are used there exclusively for the needs of the vessel;

(ii) the use of devices forming the subject of the patent in the construction or operation of aircraft or land vehicles of other countries of the Union, or of accessories of such aircraft or land vehicles, when those aircraft or land vehicles temporarily or accidentally enter the said country.

It shall be noted that the above provision is extended to vessels, aircraft or land vehicles from a contracting member country, and have visited another contracting member country of Paris convention either temporarily or accidentally.

Patent infringement concerning consignment in transit

While we have so far discussed about the use of patented invention for the actual needs of the foreign vessel, utilization of patented invention for construction, operation or accessories of the foreign aircraft and land vehicles, the questions pertaining to carrying consignments having patent protection which is of no functional value for the working of vessel, aircraft and land vehicles arise.

In the year 2008, the Dutch customs seized a drug consignment sent by Dr Reddy's Laboratories Ltd. (DRL) from India, which was on its way to Brazil. DRL consignment had the drug "Losartan", which was a generic drug. A patent covering Losartan was held by US-based company, DuPont in Netherlands.

The Dutch custom officials followed Council Regulation (EC) No 1383/2003, which sets out conditions and measures to be taken against goods that are suspected of infringing certain intellectual property rights when such goods are entered for release for free circulation, export or re-export. Many other generic drug consignments during its transit through Netherlands were seized, and subsequently concerns were raised by countries of provenance and destination which were affected by the detention of generic medicines during its transit through European Union (EU).

In 2012, the European Commission issued guidelines concerning the enforcement by EU custom authorities of intellectual property rights with regard to goods, in particular medicines, in transit through the EU.

Shipments of medicine which does not have patent protection in the country of provenance and destination, but transit through EU territory, where the medicine has patent protection, the medicine does not infringe patent rights during its transit through EU territory.

“....it is understood that the mere fact that medicines are in transit through the EU territory, and there is a patent right applicable to such medicines in the EU territory, does not in itself constitute enough grounds for customs authorities in any Member State to suspect that the medicines at stake infringe patent rights.”

If there is any evidence that the shipments of medicine which does not have patent protection in the country of provenance and destination, but transit through EU territory and divert the medicines onto EU market, where the medicine has patent protection, then the medicines infringe patent rights during its transit through EU territory.

“It is further understood that a situation in which medicines are in transit through EU territory, and there is adequate evidence that satisfies the customs authorities that there is a substantial likelihood of diversion of such medicines onto the EU market, may constitute enough grounds for customs authorities to suspect that the medicines at stake infringe patent rights.”

Conclusion:

The most significant reason for providing certain exemptions to foreign vessels, aircrafts and land vehicles from patent infringement is to facilitate international trade and commerce. Lack of such exemptions would grant a patentee exhaustive rights which may impeditment governments' relation with foreign nations pertaining to trade and commerce.

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