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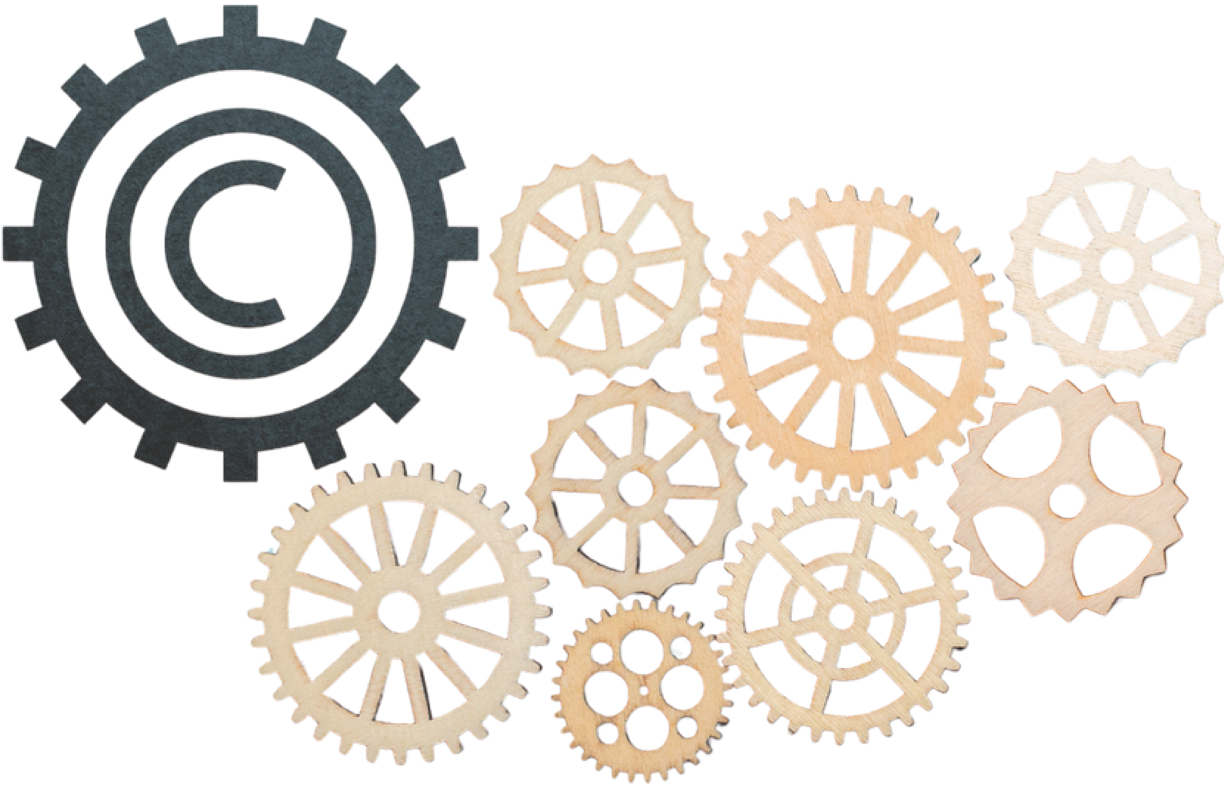
# Intellectual Property Rights



## NEWSLETTER

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## Delhi High Court Lays Down India's First Judicial Framework on Copyright and Generative AI

### Summary

In ANI Media Pvt. Ltd. v. Open AI OpCo LLC, CS(COMM) 1028/2024, the Delhi High Court delivered a significant judgment on the intersection of copyright law and Generative Artificial Intelligence. Deciding an application for interim injunction, the Court examined questions concerning the use of copyrighted works for training Large Language Models (LLMs), the scope of copyright infringement arising from AI-generated outputs, the applicability of the fair dealing exception under Section 52 of the Copyright Act, 1957, and the territorial jurisdiction of Indian courts over AI developers operating through servers located overseas.

While refusing interim injunctive relief against OpenAI, the Court examined these issues through established principles of Indian copyright law. The Court held, on a prima facie basis, that OpenAI's storage of ANI's copyrighted works for training its LLMs fell within the scope of Section 52(1)(a) of the Copyright Act and therefore did not amount to infringement under Section 51. The Court also found, prima facie, that the outputs relied upon by ANI did not substantially reproduce its copyrighted works.

Importantly, the judgment was confined to the adjudication of ANI's application for interim relief. The Court clarified that its observations would have no bearing on the final outcome of the suit.

### Facts of the Case

ANI Media Pvt. Ltd. instituted a copyright infringement suit alleging that OpenAI had used its copyrighted news articles without authorisation for training the Large Language Models underlying ChatGPT. ANI advanced two principal claims. First, it alleged that OpenAI copied and stored its literary works on foreign servers for training its AI models ("training claim"). Secondly, it contended that ChatGPT reproduced or substantially reproduced ANI's copyrighted works while responding to user prompts ("output claim"). ANI argued that both activities infringed its exclusive rights under Sections 14 and 51 of the Copyright Act, 1957.

OpenAI disputed these allegations, contending that LLMs do not ordinarily retain or reproduce copyrighted material in a manner amounting to substantial reproduction, but instead learn statistical relationships and generate responses based on their training. It further argued that the relevant training activities occurred on servers located outside India, that AI-generated outputs did not amount to substantial reproduction of ANI's expression, and that the storage and use of publicly available material for training could fall within the fair dealing exception under Section 52 of the Copyright Act.

Owing to the novel issues involved, the Court appointed two Amici Curiae and permitted several industry bodies, publishers, AI companies and policy organisations to intervene in the proceedings.

### Issue before the Court

The Court considered four principal questions: whether Indian courts possessed jurisdiction despite OpenAI's servers being located outside India; whether storage of ANI's copyrighted works for training LLMs amounted to copyright infringement; whether AI-generated outputs constituted substantial reproduction of copyrighted literary works; and whether the use of copyrighted material for AI training could be protected as fair dealing under Section 52(1)(a) of the Copyright Act, 1957.

### Findings of the Court

The Delhi High Court held that it possessed territorial jurisdiction under Section 62(2) of the Copyright Act and Section 20 of the Code of Civil Procedure, 1908. The Court took into account, among other factors, ANI's presence within its territorial jurisdiction, the availability of OpenAI's services to users in India, and the generation and communication of the outputs relied upon by ANI to users in India. The Court further held that the location of OpenAI's servers outside India, by itself, could not defeat the jurisdiction of Indian courts.

On the issue of copyright infringement, the Court drew an important distinction between AI training and AI-generated outputs. It observed that, on the material presently available, there was insufficient evidence to conclude that ChatGPT ordinarily memorised and reproduced copyrighted works in a manner amounting to substantial reproduction under the Copyright Act. While acknowledging that "regurgitation" or memorisation may occur in isolated instances, the Court found that ANI had not established such memorisation or regurgitation in the material placed before it. Whether memorisation actually occurred in a particular case and whether any output amounted to substantial reproduction would depend upon the evidence and the circumstances of the individual case.

The Court then undertook an extensive interpretation of Section 52(1)(a) of the Copyright Act in the context of Generative AI. It adopted a two-stage approach comprising a "Purpose Test" and a "Fairness Test" for determining whether the use of copyrighted works could constitute fair dealing.

On the Purpose Test, the Court considered whether the use of copyrighted works for training LLMs could fall within the purposes specified under Section 52(1)(a), including "private or personal use, including research". The Court rejected a general proposition that commercial use, by itself, would necessarily exclude the availability of the fair dealing exception. The Court noted that where Parliament intended to impose a non-commercial limitation in Section 52, it had expressly done so.

The Court also considered whether the concept of "research" could be applied to the training of LLMs. Applying the doctrine of updating construction, the Court observed that statutory language may, where appropriate, be interpreted in light of developments in science and technology, provided that such interpretation remains consistent with legislative intent. On this basis, the Court held, at the prima facie stage, that the training of LLMs could fall within the scope of "research" contemplated under Section 52(1)(a).

The Court thereafter considered whether OpenAI's dealing with the copyrighted works was fair. In doing so, it considered the nature and purpose of the use, the interests of copyright owners, the potential impact on those interests, and the broader public interest in technological development and innovation.

Applying these principles, the Court held, on a prima facie basis, that OpenAI's storage of ANI's copyrighted works for training the LLMs underlying ChatGPT fell within Section 52(1)(a) and therefore did not amount to infringement under Section 51. The Court's conclusion was confined to the interim stage and did not constitute a final determination on the copyright ability or legality of AI training.

## Held

Finding that ANI had failed to establish a prima facie case warranting interim injunctive relief, the Delhi High Court dismissed the application for interim injunction. The Court held that the balance of convenience did not favour the grant of an injunction at this stage, particularly where the questions concerning memorisation, substantial reproduction and copyright infringement required further evidence and detailed examination. The suit was directed to proceed for final adjudication.

The Court also clarified that the observations made in the judgment were confined to the adjudication of the interim injunction application and would have no bearing on the final outcome of the suit.

### Conclusion

The judgment marks a watershed moment in Indian copyright jurisprudence by establishing the country's first judicial framework governing Generative AI. Rather than creating new principles, the Delhi High Court adapted existing copyright doctrines to emerging AI technologies through a structured analysis of jurisdiction, infringement, substantial reproduction and fair dealing. Its recognition that AI training may qualify for protection under Section 52 while simultaneously preserving copyright remedies against infringing outputs strikes a careful balance between innovation and authors' rights. Equally significant is the Court's refusal to treat the foreign location of AI infrastructure as a jurisdictional bar, ensuring that Indian copyright owners retain effective remedies against global AI platforms operating within India. The decision is likely to serve as the foundational authority for future disputes involving Generative AI, copyright licensing, AI training datasets and the evolving relationship between intellectual property law and artificial intelligence.

## Delhi High Court Holds Typographical Stylisation Cannot Shield Deceptive Similarity in Trademark Dispute

### Summary

In Havells India Limited & Anr. v. Havai Home Products Pvt. Ltd. & Ors., CS(COMM) 778/2024, the Delhi High Court granted an ad interim injunction restraining the Defendants from using the marks HAVAI and its stylised device variants in relation to electrical goods. The Court held that a trader cannot avoid liability for passing off merely by relying upon a registered word mark where the mark actually used in the marketplace is deceptively similar to an earlier mark and the overall commercial impression is likely to cause confusion.

Significantly, the Court examined the Defendants' use of a sans-serif font, in which the terminal letter "I" was capable of being perceived as the letter "L", thereby causing the mark to be read and pronounced as "Ha-va-L" and creating phonetic deceptive similarity with the Plaintiffs' HAVELLS mark. The Court found that the change in stylisation from the Defendants' registered HAVAI mark was a mala fide attempt to come close to the HAVELLS marks.

Reaffirming the independent nature of the passing off remedy, the Court held that registration is not a defence to a passing off action where the claimant establishes goodwill, misrepresentation and damage or likelihood of damage. The Court accordingly found a prima facie case of passing off and granted temporary injunctive relief in favour of the Plaintiffs.

### Facts of the Case

The Plaintiffs, Havells India Limited and Havells International Inc., instituted the suit seeking protection of their well-known HAVELLS/ HAVELLS trademark against the Defendants' use of the marks HAVAI, HAVAI, HAVAI and stylised logo variants in respect of electrical goods, including fans, air coolers, immersion rods and allied products.

The Plaintiffs placed material showing continuous use of the HAVELLS mark since 1942, registrations dating back to 1955, extensive sales, significant promotional expenditure, and prior judicial recognition of HAVELLS as a well-known trademark under the Trade Marks Act, 1999. The Plaintiffs alleged that the Defendants had adopted not only a deceptively similar mark but also comparable device marks, colour combinations and packaging while marketing identical goods through online marketplaces and their own website.

The Plaintiffs specifically contended that although the Defendants possessed registrations for the word mark HAVAI, the mark was commercially displayed in a sans-serif stylised font in which the terminal letter “I” appeared capable of being read as the letter “L”, resulting in the mark being visually perceived and pronounced as “Ha-va-L”. According to the Plaintiffs, this typographical alteration was adopted to approximate the appearance and pronunciation of HAVELLS and exploit the goodwill associated with the Plaintiffs’ mark.

The Defendants relied upon their trademark registrations, argued that HAVAI was derived from the Hindi word “Hava” (air), invoked the anti-dissection rule, and contended that no monopoly could be claimed over ordinary alphabetic characters.

## Issues Before the Court

Whether the Defendants’ use of the stylised HAVAI marks amounted to trademark infringement and/or passing off despite the registration of the word mark HAVAI, and whether the adoption of a particular typographical style capable of creating visual and phonetic ambiguity could constitute deceptive similarity under the Trade Marks Act, 1999.

## Findings of the Court

The Delhi High Court reiterated that registration of a trademark does not bar a passing off action. Relying upon the Supreme Court’s decision in S. Syed Mohideen v. P. Sulochana Bai, the Court reaffirmed that passing off rights arising from prior use, goodwill and reputation operate independently of statutory registration. Consequently, a registered proprietor may nevertheless be restrained in a passing off action where the claimant establishes goodwill, misrepresentation and damage or likelihood of damage.

The Court also referred to decisions including Vaidya Rishi India Health Pvt. Ltd., Western Digital Technologies Inc., and Pernod Ricard India Pvt. Ltd., reiterating that passing off remains an independent common law remedy protecting commercial goodwill and reputation.

Applying the settled principles governing deceptive similarity, the Court observed that trademark comparison must be undertaken from the perspective of a consumer with average intelligence and imperfect recollection and must consider the overall commercial impression rather than involve a mechanical side-by-side comparison.

Although the Defendants relied upon their registered mark HAVAI, the Court noted that the mark actually used in the marketplace was a stylised variation of the registered mark. In particular, the registered HAVAI mark depicted the terminal “I” with a serif, whereas the mark actually used by the Defendants employed a stylisation without the serif.

The Court found that, while the registered HAVAI mark would ordinarily be pronounced as “Ha-va-ee” or “Ha-vai”, the absence of the serif on the letter “I” in the mark actually used was likely to cause it to be perceived as an “L” and consequently pronounced as “Ha-va-L”. The Court held that this resulted in phonetic deceptive similarity with HAVELLS.

The Court accepted the Plaintiffs’ contention that the change in stylisation was not merely an incidental typographical variation. It found that the Defendants had moved away from their own registered mark without providing a plausible explanation and concluded that the change in stylisation was a mala fide attempt to come close to the HAVELLS marks and create confusion amongst members of the public.

In reaching this conclusion, the Court also referred to its earlier decision in *Havells India Limited & Anr. v. Jai Bhagwan Sharma & Ors.*, concerning the mark “HAVEIIS”, where the stylisation of the letters “II” was capable of causing them to be read and pronounced as “LL”. The Court considered this earlier decision relevant to the assessment of the deceptive similarity arising from the typographical treatment of the marks.

The Court further noted that the rival parties dealt in identical goods and that the Plaintiffs enjoyed substantial goodwill and reputation in the HAVELLS marks. These factors enhanced the likelihood of confusion. The Court held that the circumstances attracted the principle of initial interest confusion, under which confusion is assessed at the stage when a consumer first encounters the Defendant's goods.

The Defendants' use of similar device marks and colour schemes and get-up further reinforced the Court's conclusion that the marks were deceptively similar and that the Defendants' use was calculated to create an association with the Plaintiffs' HAVELLS marks.

The Court also considered the Defendants' use of the expression "HAVELLS SPARES" on spare parts and cooler covers. The judgment records that the Defendants had subsequently removed such references from their website and literature pursuant to an undertaking given to the Court. Nevertheless, the Court considered the prior use of the expression relevant in assessing the Defendants' knowledge of the Plaintiffs and the overall circumstances of the dispute.

## Held

The Delhi High Court held that the Plaintiffs had established a prima facie case warranting temporary injunctive relief. The Court found that the three ingredients of passing off, goodwill, misrepresentation and damage or injury to goodwill were prima facie satisfied.

Finding that the balance of convenience lay in favour of the Plaintiffs and that irreparable harm and injury would be caused to their goodwill and reputation if the injunction were not granted, the Court restrained the Defendants from selling, marketing, advertising or offering for sale the impugned goods under HAVAI, its stylised and device variants, or any other mark deceptively similar to the Plaintiffs' HAVELLS marks, during the pendency of the suit.

The Court expressly clarified that its observations and findings were tentative and prima facie and would not affect the final adjudication of the suit.

## Conclusion

The judgment is a significant development in Indian trademark jurisprudence as it demonstrates that typographical stylisation and font selection may, in appropriate circumstances, materially contribute to deceptive similarity and consumer confusion.

By specifically examining the Defendants' use of a sans-serif font that caused the letter "I" to be capable of being perceived as "L", the Delhi High Court recognised that modern branding disputes may involve subtle graphic and typographical manipulation rather than direct copying of words. The decision also builds upon the Court's earlier ruling concerning the mark HAVEIIS, where the stylisation of "II" was found capable of causing it to be read as "LL".

Equally important is the Court's reaffirmation that registration does not, by itself, defeat a passing off action. Where an earlier user has established goodwill and the subsequent use involves misrepresentation and resulting or likely damage, the passing off remedy remains available notwithstanding the registration of the impugned mark.

The ruling may provide useful guidance in future disputes involving stylised word marks, font-based deception, digital branding strategies and the protection of well-known trademarks against sophisticated forms of consumer confusion. However, since the findings in the present case were made at the interim stage and were expressly stated to be prima facie and tentative, the judgment should not be understood as a final adjudication of the parties' rights.

# Delhi High Court Protects New Balance's 'N' Device Marks and Reaffirms Passing Off Against Registered Proprietors

## Summary

In New Balance Athletics Inc. v. Astormueller AG & Ors., CS(COMM) 962/2025, the Delhi High Court granted an ad interim injunction restraining the Defendants from using their impugned 'n:' device marks in relation to footwear after holding that the Plaintiff had made out a strong prima facie case warranting interim protection, particularly on the ground of passing off. While the Defendants relied upon their own trademark registrations to resist the Plaintiff's claims, the Court reiterated that registration does not bar an independent action for passing off.

Placing reliance on the Supreme Court's decision in S. Syed Mohideen v. P. Sulochana Bai, the Court reaffirmed the superiority of prior-user rights in the context of passing off and held that the Plaintiff's long-standing goodwill, coupled with the deceptive similarity between the competing device marks and the identical nature of the goods, justified interim protection. The judgment is a significant reiteration of the principles governing passing off, prior-user rights and the protection of reputed and well-known trademarks under Indian trademark law.

## Facts of the Case

New Balance Athletics Inc., founded in the United States in 1906, is the proprietor of several well-known 'N' device trademarks used extensively in relation to footwear, apparel and accessories. The Plaintiff traced the adoption of its iconic 'N, , logo to the 1970s and demonstrated continuous use in India since the 1980s through registrations, retail operations, advertising campaigns, sponsorships, celebrity endorsements and extensive online presence. The Plaintiff also relied upon earlier decisions of the Delhi High Court declaring its NEW BALANCE, NB and shaded 'N' device marks as well-known trademarks under the Trade Marks Act, 1999.

The dispute arose when the Plaintiff discovered that Astormueller AG and its Indian subsidiaries were marketing footwear under the NUBEAT brand using stylised 'n: , , device marks, which appeared prominently on footwear, packaging, websites and social media platforms.

Although the Defendants possessed registrations for their device marks in India and asserted honest adoption, the Plaintiff contended that the impugned marks were deceptively similar to its iconic 'N' device marks and were deliberately adopted to ride upon the Plaintiff's substantial goodwill in the footwear market. Cancellation petitions against the Defendants' registrations had already been instituted before the Trade Marks Registry. The Plaintiff accordingly sought an interim injunction on the grounds of trademark infringement and passing off.

## Issue before the Court

Whether a registered proprietor of a trademark can be restrained in a passing off action despite possessing trademark registrations, and whether the Defendants' use of the impugned 'n:' device marks in relation to identical goods was likely to misrepresent an association with the Plaintiff's reputed and well-known 'N' device marks.

## Findings of the Court

The Delhi High Court observed that although the Defendants were registered proprietors of the impugned device marks, such registration did not preclude the Plaintiff from maintaining an action for passing off. Relying extensively upon the Supreme Court's decision in S. Syed Mohideen v. P. Sulochana Bai, the Court reiterated that rights arising from prior use and goodwill under common law continue to operate notwithstanding statutory registration. Statutory rights arising from registration do not extinguish the independent common-law rights of a prior user. Consequently, even between two registered proprietors, an action for passing off remains maintainable where the essential ingredients of goodwill, misrepresentation and damage or likelihood of damage are established.

Applying these principles, the Court found that the Plaintiff had established extensive goodwill through decades of use, substantial sales, widespread advertising, celebrity endorsements, retail presence in India and earlier judicial recognition of certain of its marks as well-known trademarks. The Defendants, on the other hand, had commenced commercial use of their impugned marks in India only in April 2024.

The Court was of the prima facie view that the competing marks, when viewed from the perspective of an average consumer purchasing identical footwear through common trade channels, created a sufficient likelihood of confusion and initial interest confusion. The possibility that consumers could perceive the impugned products as another variant or extension of the Plaintiff's well-known product line could not be ruled out.

The Court also rejected the Defendants' reliance upon their registrations and their argument that no monopoly could exist over the alphabet "N", observing that the controversy was not about ownership of a single letter in isolation but about the adoption of stylised device marks possessing substantial reputation and source-identifying significance.

### Held

The Delhi High Court held that the Plaintiff had made out a prima facie case warranting interim injunctive relief and that the balance of convenience lay in its favour. Accordingly, the Court granted an ad interim injunction restraining the Defendants from using the impugned 'n:' device marks or any other deceptively similar mark in relation to the impugned goods, where such use would amount to passing off, during the pendency of the suit. The Court found that continued use of the impugned marks would cause irreparable harm and injury to the Plaintiff and erode and dilute the distinctiveness of its N-marks.

Importantly, the Court clarified that its observations and findings were tentative and prima facie and would have no bearing on the final adjudication of the suit.

### Conclusion

The decision reinforces the settled principle that statutory trademark registration does not override the common-law remedy of passing off founded upon prior use and goodwill. By reaffirming the principles laid down in S. Syed Mohideen, the Delhi High Court reiterated that even a registered proprietor may be restrained in a passing off action where the claimant establishes goodwill, misrepresentation and damage or likelihood of damage.

The judgment also demonstrates how extensive reputation, prior use and judicial recognition of certain marks as well-known trademarks can strengthen a passing-off claim, particularly where the competing marks are used for identical goods through common trade channels and are capable of creating initial interest confusion.

The ruling may provide useful guidance in disputes involving competing registered proprietors, stylised device marks and enforcement of reputed and well-known trademarks in India's consumer goods market. However, since the findings in the present case were made at the interim stage and were expressly stated to be tentative and prima facie, the judgment should not be understood as a final adjudication of the parties' rights.

## Delhi High Court Reinforces Award of Actual Costs in Commercial IP Litigation After Cancellation of Registered Design

### Summary

In Crocs Inc. USA v. Bata India Ltd. & Ors., CS(COMM) 625/2018, the Delhi High Court directed the Plaintiff to pay ₹24,63,400 towards the Defendants' actual litigation costs after the design infringement suit was disposed of

following cancellation of the Plaintiff's registered design. The Court reiterated that, in commercial disputes, costs ordinarily follow the event, subject to the Court's discretion, particularly where the successful party has incurred substantial litigation expenses over prolonged proceedings.

Relying on the Supreme Court's decision in Uflex Ltd. v. Government of Tamil Nadu, the Court reiterated that Sections 35 and 35A of the Code of Civil Procedure, 1908, the Commercial Courts Act, 2015 and Chapter XXIII of the Delhi High Court (Original Side) Rules, 2018 provide the statutory and procedural framework for awarding realistic costs in appropriate commercial disputes. The Court accordingly directed the Plaintiff to pay the Defendants ₹24,63,400, being the actual costs claimed by them and not disputed by the Plaintiff.

## Facts of the Case

Crocs Inc. instituted a suit against Bata India Ltd. and other Defendants alleging infringement of its registered design bearing Registration No. 197685 relating to footwear. The Plaintiff contended that the Defendants had adopted an obvious and fraudulent imitation of its registered design and sought permanent injunction, damages and other consequential reliefs. Along with the suit, the Plaintiff obtained an ex parte ad interim injunction and appointment of Local Commissioners, pursuant to which substantial quantities of the Defendants' products were seized.

The Defendants contested the suit by challenging the validity of the registered design and asserting that the impugned design lacked novelty and had been previously published. The interim injunction was subsequently vacated by the Delhi High Court, which held that the Plaintiff's design was not novel and that the relevant footwear design had previously existed in the public domain. The order was affirmed by the Division Bench, and the Supreme Court subsequently disposed of the challenge while directing that the award of costs would remain subject to the final outcome of the suit.

During the pendency of the proceedings, the Deputy Controller of Patents and Designs, by order dated 9 May 2019, cancelled the Plaintiff's registered design on the ground that the design lacked novelty and originality. By 2023, the term of the design had also come to an end. Consequently, the Court observed that the substratum of the design infringement suit had ceased to exist and disposed of the suit.

Thereafter, the Defendants filed an application under Sections 35 and 35A read with Section 151 of the Code of Civil Procedure, 1908, seeking recovery of their actual litigation costs.

## Issue before the Court

Whether the Defendants were entitled to recover their actual litigation costs under Sections 35 and 35A read with Section 151 of the Code of Civil Procedure, 1908, following disposal of the design infringement suit, and whether the actual costs claimed were liable to be awarded under the applicable commercial litigation framework.

## Findings of the Court

The Court observed that the Defendants had contested the litigation through multiple stages, including before the District Court, the Delhi High Court, the Division Bench and the Supreme Court, while also defending against an interim injunction and the seizure of their goods. It further noted that the Plaintiff's registered design had ultimately been cancelled for lack of novelty, thereby rendering the substratum of the design infringement suit non-existent.

Relying extensively upon the Supreme Court's judgment in Uflex Ltd. v. Government of Tamil Nadu, the Court reiterated that commercial disputes are governed by the principle that costs should ordinarily follow the event and that successful litigants should receive adequate indemnity for expenses genuinely incurred in litigation, subject to the Court's discretion.

The Court referred to Sections 35 and 35A of the Code of Civil Procedure, 1908, the Commercial Courts Act, 2015 and Chapter XXIII of the Delhi High Court (Original Side) Rules, 2018. In particular, Chapter XXIII Rule 5 provides for the contents of a bill of costs, including court fees, process fees, reasonable expenses of witnesses and advocates' fees, among other litigation expenses.

The Court emphasised that the costs regime in commercial litigation seeks to ensure that successful parties are adequately compensated for the expenditure incurred in litigation and also serves to discourage vexatious, frivolous and speculative proceedings. At the same time, the award of costs remains subject to judicial discretion and the circumstances of each case.

The Court also noted that separate proceedings concerning the Plaintiff's shape trademark and passing off claims remained pending, and that the costs determination in the present proceedings was without prejudice to those claims.

### Held

The Delhi High Court allowed the Defendants' application for costs and directed the Plaintiff to pay ₹24,63,400 towards the Defendants' actual litigation costs within three months.

The Court noted that the amount had been presented by the Defendants in a chart of costs supported by documents and that the amount was not disputed by the Plaintiff. Accordingly, following the principles laid down in Uflex Ltd. and bearing in mind Sections 35 and 35A of the CPC, the Commercial Courts Act, 2015 and Chapter XXIII Rule 5 of the Delhi High Court (Original Side) Rules, 2018, the Court awarded the said amount as costs.

The Court further directed that, upon payment of the awarded amount, the pending execution proceedings relating to the earlier award of costs, being Ex. P.64/2022 titled M/s Bata India Ltd. v. M/s Crocs Inc USA, would stand disposed of.

### Conclusion

The judgment reinforces the modern approach towards costs in commercial litigation by recognising that successful litigants should, subject to the applicable statutory framework and judicial discretion, receive adequate indemnity for litigation expenses reasonably incurred.

It reiterates that commercial disputes, particularly those involving intellectual property rights, require parties to carefully evaluate the strength of their claims and the potential costs of prolonged litigation. By following the Supreme Court's decision in Uflex, the Delhi High Court has further reinforced the principle that realistic costs form an important component of effective commercial justice, serving both compensatory and deterrent functions while discouraging vexatious, frivolous and speculative litigation.

The decision is particularly significant because the Court awarded ₹24,63,400 in actual costs after considering the prolonged history of the litigation, the multiple stages at which the Defendants were required to defend the proceedings, and the eventual cancellation of the registered design forming the basis of the suit. At the same time, the decision should be understood in the context of the specific facts and procedural history of the case, and not as an automatic rule that actual costs will be awarded in every unsuccessful commercial or intellectual property proceeding.

## Bombay High Court Reinforces the Need for Reasoned Patent Examination and Restricts Reliance on Unsupported "Common General Knowledge"

### Summary

In Deepak Nitrite Limited v. The Assistant Controller General of Patents and Designs, Commercial Miscellaneous Petition No. 107 of 2025, the Bombay High Court set aside an order refusing Deepak Nitrite Limited's patent application for a free-flowing food-grade sodium nitrite product and its production method. The Court held that a patent application cannot be rejected on a bald assertion of "common general knowledge" without identifying the source of such knowledge and establishing that it existed prior to the relevant priority date. It further reiterated that inventive step under

Section 2(1)(ja) of the Patents Act, 1970 must be assessed by considering the claimed invention as a whole, particularly where the claims recite an integrated combination of process steps, rather than by isolating individual claim elements.

### Facts of the Case

Deepak Nitrite Limited filed Patent Application No. 202021019409 seeking protection for a food-grade sodium nitrite product and an integrated manufacturing process. The Assistant Controller rejected Claims 1–8 under Section 15 of the Patents Act on the ground that they lacked an inventive step. The Petitioner challenged the refusal, contending that the Controller ignored the distinguishing impurity profile of the claimed product and mechanically rejected the application by stating that reduction of impurities constituted "common general knowledge". The Petitioner further argued that the Controller analysed only one filtration step in the process claims instead of evaluating the integrated manufacturing process as claimed. While defending the order, the Respondent ultimately conceded that the process claims had not been analysed in accordance with the legal principles governing inventive step.

### Issue before the Court

Whether the Controller could reject the patent application by relying upon an unsupported assertion of "common general knowledge" without identifying its source and demonstrating its existence prior to the relevant priority date, and by analysing individual elements of an integrated process claim in isolation rather than assessing the claimed invention as a whole for determining inventive step under Section 2(1)(ja) of the Patents Act.

### Findings of the Court

The Court held that the impugned order was legally unsustainable. In relation to the process claims, it observed that the claimed invention must be assessed as a whole, particularly where the claims recite an integrated combination of process steps, rather than by isolating an individual step and assessing it independently. By focusing solely on the filtration stage and ignoring the integrated combination of manufacturing steps, the Controller failed to undertake the statutory analysis required under the Patents Act.

The Court also rejected the Controller's reliance on "common general knowledge" without identifying its source or establishing that such knowledge existed prior to the relevant priority date. Referring to AGFA NV, F. Hoffmann-La Roche Ltd., Medipack Global Ventures and other precedents, the Court reiterated that the Controller must identify the person skilled in the art, identify the inventive concept, consider the common general knowledge as it existed at the relevant priority date, identify the differences between the prior art and the claimed invention, and identify the source of any asserted common general knowledge. Unsupported assertions or a Controller's ipse dixit cannot substitute a reasoned quasi-judicial determination.

The Court further criticised the recurring practice of issuing non-speaking orders that reproduce or substantially rely upon examination reports without independently addressing the applicant's submissions and the statutory objections. It observed that similar deficiencies in patent examination had resulted in repeated remands, increased costs and delays in patent prosecution. The Court referred to several recent decisions involving comparable deficiencies, including failures to consider applicants' submissions and evidence, inadequate claim construction and inventive-step analysis, reliance on hindsight or unsupported assertions of common general knowledge, and mechanical reproduction of material without independent reasoning.

### Held

The Bombay High Court allowed the petition and set aside the Assistant Controller's order dated 2 March 2023 refusing the patent application under Section 15 of the Patents Act. The Court remanded the application for fresh consideration before a different Controller in accordance with the settled principles governing inventive step and directed that a reasoned order be passed within twelve weeks.

## Conclusion

The decision reinforces that patent examination must be transparent, reasoned and evidence-based. It reiterates that patent applications cannot be rejected on unsupported assertions of "common general knowledge" or by mechanically analysing isolated elements of an integrated claim. By emphasising reasoned orders, proper claim construction and comprehensive inventive-step analysis, the Bombay High Court has reinforced the procedural safeguards governing patent examination and reaffirmed that quasi-judicial decisions of the Patent Office must disclose a clear chain of reasoning capable of meaningful judicial review.

The judgment is particularly significant for its recognition of recurring deficiencies in patent examination and its emphasis on the need for Patent Office authorities to independently engage with applicants' submissions, evidence and statutory objections. It highlights the importance of analytical rigour in patent examination and the need to reduce avoidable remands arising from inadequately reasoned orders.

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