* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% Reserved on: 13th December, 2019
Decided on: 24th February, 2020

\+ **CS(COMM) 124/2019**

CDE ASIA LIMITED ..... Plaintiff
Represented by: Mr.Abhishek Manu Singhvi, Sr. Adv., Mr.Sudhir Chandra, Sr. Adv. and Mr.Chander M.Lall, Sr. Adv. with Mr.Rajat Manchanda, Adv.

versus

JAIDEEP SHEKHAR & ANR. ..... Defendant
Represented by: Mr.Sandeep Sethi, Sr. Adv. with Mr.Rajeev Virmani, Sr.Adv., Mr.Mohit Bakshi, Mr.B.Prashant, Mr.Angad Baxi & Ms.Niharika, Advs.

CORAM:
HON'BLE MS. JUSTICE MUKTA GUPTA

IA 4830/2019 (filed by the defendant No. 2 under Order VII Rule 10 & 11 CPC)

1. Plaintiff has filed the present suit, inter alia, praying for a decree of permanent injunction against the defendant, their directors, servants, agents, licensee, distributors, etc. restraining them from making, manufacturing, using, offering for sale, selling and/or importing the impugned product "FM 120 CONEXUS" or any other product which is covered by the subject patent No. 307249 in India causing infringement of the plaintiff's patent No. 307249 in short IN '249, as also restraining the defendants from selling, making, offering for sale, importing "FM 120 CONEXUS" or any product having the similar design as the plaintiff's registered design 262629

amounting to infringement of the plaintiff's registered design or passing the products of the defendant's as that of the plaintiff's, rendition of accounts, damages, etc.

2. Plaintiff is a company which was incorporated initially on 16th March 2000 as GM Trans Pak Private Limited subsequently changed to Torsa Metalmen Limited and thereafter to CDE Asia Limited around 2006. The plaintiff's product range of wet processing equipments is used in quarries, mining & minerals and waste recycling products. Plaintiff has also established new processes in the Indian iron ore industry by developing custom built washing system which effectively remove contaminants such as silica and aluminum and introduces efficiencies in steel production. The plaintiff's line of products are novel as they are invented and designed to vastly improve the quality, productivity, efficiency and profitability of sand aggregates washing industry with ensuring that the natural resources are preserved effectively. Plaintiff has also successfully developed process and technology to manufacture artificial sand from existing waste of stone crushing operations.

3. In the year 2013 the Managing Director of the plaintiff invented a novel system and method for classification of various materials, subsequent whereto plaintiff filed an application for grant of patent for the invention titled as "System/ Device Process for Classification of Various Materials" under the Patent Act, 1970 on 3rd September, 2013. The plaintiff also filed corresponding applications to protect the invention in other countries. The application of the plaintiff was published under Section 11A of the Patents Act on 6th March, 2015 in the Patent Journal for third party pre-grant opposition under Section 25 of the Act. No opposition to the said

application was filed including by the defendant and after examination the plaintiff was granted the suit patent i.e. IN '249 on 12th February, 2019, thereby providing exclusive right to the plaintiff for a period of 20 years from the date of filing of the application to use the suit patent. The invention of the plaintiff intended to provide a method and a system for an integrated material classification solution to the material & mineral industry by reducing overall plant footprints, lowering the requirement of water and thus lowering the cost of production.

4. The plaintiff also filed a design application on 15th May, 2014 titled as "System Device Process for Classification of Various Materials" under the Designs Act, 2000 and after examination the said design was registered as Design No. 262629 and a certification of registration was issued on 20th March, 2015. Thus, the plaintiff obtained a copyright in the subject design for a period of 15 years from the date of filing of the application. The plaintiff also coined a trademark 'COMBO' used to signify the product corresponding to the suit patent and the suit design. COMBO is directed to produce manufactured sand by washing and grading hard crushed stone fines that will eventually be used for construction purposes or supply to the ready-mix producers for production of concrete.

5. In the last week of November, 2018 the plaintiff came to know that defendants were engaging in manufacturing, offering for sale, selling impugned products, similar to the subject suit patent and were intending to exhibit the same in an exhibition held in Gurugram from 11 - 14 December, 2018. The design of the products offered for sale by the defendants was also similar to the plaintiff's product COMBO thus amounting to infringement of the plaintiff's rights in the patent IN '249 and the design No. 262629. It is

the case of the plaintiff that the defendant's product is an imitation of the plaintiff's design and has copied all features more particularly the shape and configuration which makes the registered design of the plaintiff novel.

6. Summons in the suit were issued to the defendant on 8th March, 2019 and this Court also granted an ex-parte ad-interim injunction. On service of summons defendant No.2 filed the present application seeking the rejection of the plaint inter alia on the ground that the same is barred under Section 25(2) of the Patents Act and also on the ground that no cause of action has arisen within the jurisdiction of this Court and thus the plaint is also liable to be returned.

7. Claim of the defendant No.2 is that even as per the plaintiff's own averment the patent application filed by the plaintiff in respect of the invention titled "System/ Device Process for Classification of Various Materials" was examined by the Patents Office and the Patent IN 307249 was granted on 12th March, 2019. The present suit has been instituted on 6th March, 2019 i.e. within one month of the grant of patent. It is claimed that Section 25(2) of the Patent Act provides that at any time after the grant of patent but before the expiry of period of one year from the date of publication of patent, any person interested may give notice of opposition to the Controller in the prescribed manner on any of the grounds detailed in Section 25(2) of the Patents Act. It is claimed that the rights of the patent holder do not crystallize on mere grant of patent but do so only after the lapse of one year period provided for giving a notice of opposition under Section 25(2) of the Patents Act. Thus, the present suit filed on the strength of grant of patent IN '249 is not maintainable in view of the interpretation by the Supreme Court of Section 25(2) of the Patents Act in the decision

reported as (2014) 15 SCC 360 *Aloys Wobben & Anr. Vs. Yogesh Mehra & Ors*.

8. It is also claimed that the defendant No.2 and as a matter of fact several other vendors have been in this business for several years and have been selling the sand washing products and plants much prior to the plaintiff and thus have right to challenge the plaintiff's patents before the Patents Office under Section 25(2) at any time before the expiry of one year from the grant of patent. Section 48 of the Patents Act which governs the right of the patent holder under the Patents Act is subject to the other provisions contained in the Act which would include Section 25(2) Patents Act as well.

9. In the alternative it is also contended that no cause of action having arisen within the territorial jurisdiction of this Court, thus the present suit before this Court is not maintainable and is liable to be returned. Even as per the plaint, the cause of action if any for filing the suit arose when the defendant was allegedly found infringing and passing off the plaintiff's product and design in the exhibition at Gurugram, Haryana. Further, mere grant of patent does not confer a right to sue before this Court. As per the investigator's report relied upon by the plaintiff, the brochure of "FM 120 CONEXUS" was provided by the employee of defendant No.2 at Hossur, Tamil Nadu i.e. where the manufacturing plant of defendant No.2 is situated. The defendant is neither residing nor carrying on business within the territorial jurisdiction of this Court and there this Court is not vested with the territorial jurisdiction to try the suit.

10. Section 25 sub-Section (2) and (3) and Section 48 of the Patents Act which are relevant for the decision of this case read as under:

> *"25. Opposition to the patent. -*

(1) xxxx

(2) At any time after the grant of patent but before the expiry of a period of one year from the date of publication of grant of a patent, any person interested may give notice of opposition to the Controller in the prescribed manner on any of the following grounds, namely:-

(a) that the patentee or the person under or through whom he claims, wrongfully obtained the invention or any part thereof from him or from a person under or through whom he claims;

(b) that the invention so far as claimed in any claim of the complete specification has been published before the priority date of the claim-

(i) in any specification filed in pursuance of an application for a patent made in India on or after the 1st day of January, 1912; or

(ii) in India or elsewhere, in any other document:

Provided that the ground specified in sub-clause (ii) shall not be available where such publication does not constitute an anticipation of the invention by virtue of sub-section (2) or sub-section (3) of section 29;

(c) that the invention so far as claimed in any claim of the complete specification is claimed in a claim of a complete specification published on or after the priority date of the claim of the patentee and filed in pursuance of an application for a patent in India, being a claim of which the priority date is earlier than that of the claim of the patentee;

(d) that the invention so far as claimed in any claim of the complete specification was publicly known or publicly used in India before the priority date of that claim.

Explanation. -For the purposes of this clause, an invention relating to a process for which a patent is claimed shall be deemed to have been publicly known or publicly used in India before the priority date of the claim if a product made by that process had already been

imported into India before that date except where such importation has been for the purpose of reasonable trial or experiment only;

(e) that the invention so far as claimed in any claim of the complete specification is obvious and clearly does not involve any inventive step, having regard to the matter published as mentioned in clause (b) or having regard to what was used in India before the priority date of the applicant's claim;

(f) that the subject of any claim of the complete specification is not an invention within the meaning of this Act, or is not patentable under this Act;

(g) that the complete specification does not sufficiently and clearly describe the invention or the method by which it is to be performed;

(h) that the patentee has failed to disclose to the Controller the information required by section 8 or has furnished the information which in any material particular was false to his knowledge;

(i) that in the case of a patent granted on a convention application, the application for patent was not made within twelve months from the date of the first application for protection for the invention made in a convention country or in India by the patentee or a person from whom he derives title;

(j) that the complete specification does not disclose or wrongly mentions the source and geographical origin of biological material used for the invention;

(k) that the invention so far as claimed in any claim of the complete specification was anticipated having regard to the knowledge, oral or otherwise, available within any local or indigenous community in India or elsewhere, but on no other ground.

(3) (a) Where any such notice of opposition is duly given under sub-section (2), the Controller shall notify the patentee.

(b) On receipt of such notice of opposition, the Controller shall, by order in writing, constitute a Board

to be known as the Opposition Board consisting of such officers as he may determine and refer such notice of opposition along with the documents to that Board for examination and submission of its recommendations to the Controller.

(c) Every Opposition Board constituted under clause (b) shall conduct the examination in accordance with such procedure as may be prescribed.

(4) On receipt of the recommendation of the Opposition Board and after giving the patentee and the opponent an opportunity of being heard, the Controller shall order either to maintain or to amend or to revoke the patent.

(5) While passing an order under sub-section (4) in respect of the ground mentioned in clause (d) or clause (e) of sub-section (2), the Controller shall not take into account any personal document or secret trial or secret use.

(6) In case the Controller issues an order under sub-section (4) that the patent shall be maintained subject to amendment of the specification or any other document, the patent shall stand amended accordingly.

48. Rights of patentees. -Subject to the other provisions contained in this Act and the conditions specified in section 47, a patent granted under this Act shall confer upon the patentee-

(a) where the subject matter of the patent is a product, the exclusive right to prevent third parties, who do not have his consent, from the act of making, using, offering for sale, selling or importing for those purposes that product in India;

(b) where the subject matter of the patent is a process, the exclusive right to prevent third parties, who do not have his consent, from the act of using that process, and from the act of using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India"

11. Interpreting Section 25(2) of the Patents Act, Supreme Court in *Aloy's Wobben (supra*) relied upon by learned counsel for the defendant No.2, held as under:

> *"18. Having heard the learned counsel, and having examined the different provisions of the Patents Act relating to revocation of patents, we shall now endeavour to examine the controversy in hand. In our considered view, Section 64 of the Patents Act needs a close examination. Section 64 aforementioned, is prefaced by the words "Subject to the provisions contained in this Act,…". And not by the words, "Without prejudice to the provisions contained in this Act …", or "Notwithstanding the provisions contained in this Act …". The words with which the legislature has prefaced Section 64, necessarily lead to the inference, that the provisions contained in Section 64 are subservient to all the other provisions contained in the Patents Act. This exordium to Section 64 of the Patents Act mandates that the directive contained in Section 64 would be subservient and deferential to the other provisions of the Patents Act. Stated simply, if there is any provision under the Patents Act, which is in conflict with the mandate contained in Section 64, Section 64 of the Patents Act would stand eclipsed, and the other provision(s) would govern the field under reference. Therefore, no interpretation can be placed on Section 64 of the Patents Act which will be in conflict with any other provision(s) of the Patents Act.*
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> *19. If any proceedings have been initiated by "any person interested", under Section 25(2) of the Patents Act, the same will eclipse the right of the same person to file a "revocation petition" under Section 64(1) of the Patents Act. And also, to invoke the right granted under Section 64(1) of the Patents Act, to file a "counterclaim" (in response to an "infringement suit" to seek the revocation of a patent). This, in our view, would be the natural effect of the words, "Subject to the provisions contained in this Act …", appearing at the beginning of Section 64(1) of the Patents Act. And if, the above meaning is not to be assigned to the words "Subject to the provisions of this Act …", they would be redundant and superfluous. It is however not*

necessary to pay a serious thought to the situation referred to above. The above situation, in our considered view, is unlikely to ever arise. This is because, Section 25 of the Patents Act, inter alia, provides for the procedure for the grant of a patent. The procedure commences with the filing of an application. The second step contemplates publication of the details of the patent sought. The next step envisages the filing of representations by way of opposition (to the grant of the patent). This advances into a determination by the "Controller" to grant or refuse the patent. The decision of the "Controller" leads to the publication of the grant (of the patent). This process finalises the decision of the grant of the patent. All the same, it does not finally crystallise the right of the patent-holder. After the grant is published, "any person interested", can issue a notice of opposition, within one year of the date of publication of the grant of a patent. If and when, challenges raised to the grant of a patent are disposed of favourably to the advantage of the patent-holder, the right to hold the patent can then and then alone, be stated to have crystallised. Likewise, if no notice of opposition is preferred within one year of the date of publication of the grant of a patent, the grant would be deemed to have crystallised. Thus, only the culmination of procedure contemplated under Section 25(2) of the Patents Act bestows the final approval to the patent. Therefore, it is unlikely and quite impossible, that an "infringement suit" would be filed while the proceedings under Section 25(2) are pending, or within a year of the date of publication of the grant of a patent.

20. The defendant party to a suit for infringement, who seeks to repudiate the charge of infringement, is allowed to raise a "counterclaim", so as to enable him to raise a challenge, to the validity of the patent assigned to the author of the suit (under Section 64 of the Patents Act). This is so, because a "counterclaim" can be filed only by such person, against whom a suit for infringement has been filed (by the patent-holder). The grounds of such challenge have already been enumerated above.

21. A corrective mechanism is also available to "any person interested", to assail the grant of a patent under Section 64(1)

of the Patents Act. This is in addition, to a similar remedy provided to "any person interested", under Section 25(2) of the Patents Act. In the above scenario, it is necessary to first appreciate the true purport of the words "any person interested". The term "person interested" has been defined in Section 2(1)(t) of the Patents Act. Unless the context otherwise requires, in terms of Section 2(1)(t) aforementioned, a "person interested" would be one who is ... "engaged in, or in promoting, research in the same field as that to which the invention relates". Simply stated, a "person interested" would include a person who has a direct, present and tangible interest with a patent, and the grant of the patent adversely affects his above rights. A "person interested" would include any individual who desires to make independent use of either the invention itself (which has been patented), or desires to exploit the process (which has been patented) in his individual production activity. Therefore, the term "any person interested" is not static. The same person may not be a "person interested" when the grant of the patent concerned was published, and yet on account of his activities at a later point in time, he may assume such a character or disposition. It is, therefore, that Section 64 of the Patents Act additionally vests in "any person interested", the liberty to assail the grant of a patent, by seeking its revocation. The grounds of such challenge have already been enumerated above.

22. Based on the two remedies contemplated under Section 64 of the Patents Act, the fifth contention of the learned counsel for the appellants was, that the use of the word "or" in Section 64(1) demonstrates that the liberty granted to any person interested to file a "revocation petition" to challenge the grant of a patent to an individual, cannot be adopted simultaneously by the same person i.e. firstly, by filing a "revocation petition", and at the same time, by filing a "counterclaim" in a suit for infringement. It is the submission of the learned counsel for the appellants, that the word "or" is clearly disjunctive, and cannot be read as conjunctive. The above remedies, expressed in Section 64(1) of the Patents Act, according to the learned counsel, cannot be availed of by the same person,

simultaneously. According to the learned counsel, the person concerned must choose one of the above remedies. It is the pointed assertion of the learned counsel for the appellants, that in the present case the respondents, by assuming the position and posture of "any person interested", have filed "revocation petition(s)" to assail the same patent, which have at the same time been assailed by filing "counterclaims". The above "counterclaims" have been filed in response to the "infringement suit(s)" preferred by the appellant. It is the submission of the learned counsel for the appellants, that the respondents must choose only one of the above remedies. The course of action adopted by the respondents, according to the learned counsel for the appellants, could lead to one finding in the "revocation petition", and a different finding in the "counterclaim".

23. We do not have the slightest hesitation in accepting the above contention (fifth in the series of contentions), that even though more than one remedies are available to the respondents in Section 64 of the Patents Act, the word "or" used therein separating the different remedies provided therein, would disentitle them to avail of both the remedies, for the same purpose, simultaneously. On principle also, this would be the correct legal position.

[Emphasis supplied]"

12. As noted above, Supreme Court in <u>*Aloys Wobben (supra*</u>) was dealing with a situation whether 'any person interested' had the right to file both application under Section 25(2) of the Patents Act as a post-grant opposition as also a revocation petition under Section 64(1) of the Patents Act. It is for the reason that two parallel remedies cannot be invoked by a party which may result in conflicting decisions and the fact that 'any person interested' had a right to file a post-grant opposition within one year of the grant of patent, Supreme Court held that by grant of patent itself the rights in favour of the patent holder do not crystallize finally, for the reason 'any person

interested' can issue a notice of opposition within one year of the date of publication of grant of a patent and, if and when challenge raised to the grant of patent are disposed of favourably to the advantage of the patent holder, the right to hold patent can then and then alone be stated to have crystallized. Supreme Court also noted that it was unlikely and quite impossible that an infringement suit would be filed while the proceedings under Section 25(2) of the Patent Act are pending or within a year of the date of publication of the grant of a patent. However, the situation where infringement of the suit patent occurs or is alleged soon after the grant of patent was not discussed by the Supreme Court, the same being not an issue before the Supreme Court, thus it did not hold that a suit for infringement within one year of grant of the patent would not be maintainable and would be liable to be rejected as premature. Hence the contention of learned counsel for the defendant No.2 that the present suit is liable to be rejected having been filed within one year of the grant of patent i.e. on 12th February, 2019 deserves to be rejected.

13. The plaintiff has a right as a patent holder under Section 48 of the Patents Act which reads as under and which right is not affected during the pendency of a post-grant opposition:

> *"48 Rights of patentees. -Subject to the other provisions contained in this Act and the conditions specified in section 47, a patent granted under this Act shall confer upon the patentee-*
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> *(a) where the subject matter of the patent is a product, the exclusive right to prevent third parties, who do not have his consent, from the act of making, using, offering for sale, selling or importing for those purposes that product in India;*

(b) where the subject matter of the patent is a process, the exclusive right to prevent third parties, who do not have his consent, from the act of using that process, and from the act of using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India:"

14. As the rights in favour of a patentee enure to its benefit on grant of the patent under Section 48 of the Patent Act, even though the said right may not have finally crystallized, pending post-grant opposition, in view of the subsistence of the right of the patentee, and there being an alleged infringement, the patentee is not required to wait for one year period to sue for infringement and thus the present suit cannot be held to be not maintainable and liable to be dismissed as premature.

15. The second ground urged for return of the plaint by the defendant is that no cause of action arises within the jurisdiction of this Court, hence this Court has no territorial jurisdiction to try the suit, therefore the plaint is liable to be returned. Plaintiff claims territorial jurisdiction of this Court to try the suit in terms of para 30 of the plaint which reads as under:

"30. The Hon'ble Court has the territorial jurisdiction to try the present suit inasmuch as the defendants are residing/ having their offices and carrying on their business within the territorial jurisdiction of this Hon'ble Court. Further, the Hon'ble Court also has the territorial jurisdiction to entertain the present suit as the defendants are also offering the sale of the impugned products in Delhi."

16. It is trite law that while deciding an application under Order VII Rule 10 CPC or Order VII Rule 11 CPC the averments in the plaint have to be looked into by way of demurer. Plaintiff in para 29 of the plaint has though pleaded that it came to know that the defendants are engaged in

manufacturing, offering for sale, selling impugned products similar to the subject invention in an exhibition held in Gurugram from 11 to 14th December, 2018, however in the same paragraph plaintiff has stated that the defendants had already sold about 3-4 products and offered for sale the impugned products called "FM 120 CONEXUS" in Delhi. It is also stated that the defendants are residing/having their offices and carrying on their business within the territorial jurisdiction of this Court. The defendants thus offering for sale its goods at Delhi besides the other pleadings is sufficient for this Court to vest with the territorial jurisdiction to try the present suit at this stage and the plaint cannot be returned for want of territorial jurisdiction of this Court to decide the suit. However, in view of the preliminary objection taken by the defendant No.2 in the written statement this issue will have to be decided after the parties have lead their evidence.

17. Application is accordingly dismissed.

(MUKTA GUPTA)
JUDGE

FEBRUARY 24, 2020
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