

HIGH COURT OF JUDICATURE AT HYDERABAD
FOR THE STATE OF TELANGANA AND THE STATE OF ANDHRA PRADESH

FRIDAY, THE EIGHTEENTH DAY OF DECEMBER
TWO THOUSAND AND FIFTEEN

PRESENT
THE HON'BLE SRI JUSTICE A.RAJASHEKER REDDY

APPLICATION NO: 1230 OF 2014

IN

O.P. NO : 1 of 2013

AND

O.P.NO: 1 OF 2013

APPLICATION NO: 1230 OF 2014:

Between:

1. Flsmidth earlier known as F.L.SMidth & Co. A/S,) Vigerslev A'le 77, 2500 Valby, Denmark.
2. Flsmidth Private Limited, Flsmidth House, 34, Egatoo, Kelambakkam, Rajiv Gandhi Salai Chennai-603 103 Kanchipuram District.
.....Petitioners/Plaintiffs

AND

1. Sandeep Sanghavi, Managing Partner, Sanghavi Engineering, 121, CO-Op. Industrial Estate, Balnagar Expansion, Gandhi Nagar, Hyderabad-500 037.
2. Sanghavi Engineering, 121, CO-Op. Industrial Estate Balnagar Expansion, Gandhi Nagar, Hyderabad-500 037.
3. ACC Limited Lakheri Cement Works P.O.Lakheri -323 603 Dist. Bundi Rajasthan
.....Respondents/Defendants

Application under Section 151 of the CPC praying that in the circumstances stated in the Petition /affidavit filed therewith, the High Court may be pleased to dismiss the counter claim filed by the Defendants in OP 1/2013 in the light of the Supreme Courts, order dated 2-6-2014 in Dr. alloys wobben vs Yogesh Mehra.

O.P.NO,1 OF 2013:

Between:

1. Flsmidth (Earlier known as F.L.Smith & Co. A/S,) Vigerslev Alle 77, 2500 Valby, Denmark. Represented by Mr.Raajshankar Jeyaprakash POA Holder
2. Flsmidth Private Limited, Flsmidth House, 34, Egatoo, Kelambakkam, Rajiv Gandhi Salai Chennai-603 103 Kanchipuram District, represented by Mr. Raajshankar Jeyaprakash POA Holder
.....Plaintiff No.2

AND

1. Sandeep Sanghavi, Managing Partner, Sanghavi Engineering, 121, CO-Op. Industrial Estate, Balnagar Expansion, Gandhi Nagar, Hyderabad-500 037.
.....Defendant No.1
2. Sanghavi Engineering, 121, CO-Op. Industrial Estate Balnagar Expansion, Gandhi Nagar, Hyderabad-500 037.
.....Defendant No.2

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3. ACC Limited Lakheri Cement Works P.O.Lakheri -323 603 Dist. Bundi
Rajasthan

.....Defendant No.3

Petition under Order VII Rule 1 and 2 read with section 139 and 151 of CPC read with section 48, 108 and 109 of the Indian Patent Act, 1970, praying that in the circumstances stated in the petition filed therewith, the High Court may be pleased to issue:

- i. A decree of permanent injunction, restraining the Defendant Nos.1 and 2, their directors, employees, officers, servants, agents and all others acting for and on their behalf from making selling using distributing, advertising, exporting, offering for sale, and in any other manner, directly, or indirectly, dealing any product or machinery that infringes the subject matter of Indian Patent No.208095 registered by the plaintiff No.1.
- ii. A decree of permanent injunction restraining the Defendant Nos.1 and 2, their directors, employees, officers, servants, agents and all others acting for and on their behalf from making selling, using distributing, advertising, importing, exporting, offering for sale, and in any other manner, directly or indirectly, dealing any product of machinery that amounts to passing off of plaintiff's Trade Mark DUOFLEX.
- iii. An Order for damages a sum of Rs.40,00,000/- in favor of the plaintiffs and against the Defendant Nos.1 and 2 on account of the unauthorized use of the Indian Patents No.208095.
- iv. An order for delivery up of all the infringing machinery and products that infringes the subject matter of Indian Patent No.208095 registered by plaintiff No.1.
- v. An Order for rendition of accounts from the period since 1997 till date.

and counter claim U/ss.104 and 107(1) R/w. Section 64 of the Patent Act, 1970 R/w. order 8 Rule 6-A CPC.

This application and original petition coming on for hearing, upon perusing the application and the petition and filed in support thereof and the written statement and counter claim upon hearing the arguments of Sri. Dr.Venkat Reddy Donthi Reddy, Advocate, for the Petitioner /Plaintiff in Application No.1230/2014 and OP No. 1 of 2013 and of Sri. M.S.Srinivas Iyengar, Advocate, for the Defendant No.2 in Application No.12130/2014 and OP No.1/2013 and None Appeared for the Defendant Nos.1 and 3.

The Court made the following Order :-

HON'BLE SRI JUSTICE A. RAJASHEKER REDDY

Application No.1230 of 2014 in OP No.1 of 2013 &
OP No.1 of 2013

ORDER ::

Application No.1230 of 2014 is filed under Section 151 CPC by the plaintiffs in OP No.1 of 2013 seeking to dismiss the counter claim filed by defendants-respondents in the light of the decision of the Supreme Court in **DR. ALOYS WOBHEN Vs. YOGESH MEHRA** (2014 (59) PTC 1 SC) wherein it is held that when any person interested had filed a revocation petition before the Intellectual Property Appellate Board, seeking revocation of the patent of the plaintiffs, before institution of infringement suit, the said person interested is disentitled to file counter claim, on the same cause of action in the infringement suit filed by the plaintiffs.

2. Facts briefly stated are:- Suit OS No.647 of 2012 was initially filed by the plaintiffs namely, (1) FL Smidth A/S of Denmark and (2) FL Smidth Pvt. Ltd., Chennai, a subsidiary of 1st plaintiff, under Sections 48, 108 and 109 of the Patents Act, 1970, (for short, "the Patents Act") in the Court of District Judge, Ranga Reddy District at LB Nagar, *inter alia*, alleging

infringement of the patent rights in respect of their machinery entitled "a method and a burner for introducing solid, liquid or gaseous fuel into a burning zone of a kiln, which are sold under the brand DUOFLEX™ and for other reliefs. That the 1st plaintiff holds several patents across the globe for many of its inventions, including the Indian Patent, being Patent No.208095, which is subject matter of suit, granted by the Controller of Patents in favour of the 1st plaintiff. In the suit, respondents-defendants 1 and 2 not only filed written statement resisting the suit claim, but also made a counter claim for revocation of the patent of the plaintiffs. In view of the said counter claim, the suit has been transferred by the District Court, Ranga Reddy, at LB Nagar, to this Court by reason of the *proviso* to Section 104 of the Patents Act and re-numbered as OP No.1 of 2013.

3. The reliefs claimed in the above OP are:-Firstly, for the relief of perpetual prohibitory injunction to restrain defendants 1 and 2 and those claiming under them from infringing the Indian Patent No.208095 granted to the 1st plaintiff and to prevent them from manufacturing their machineries or machinery which are identical to the plaintiffs' machines in all

respects. Secondly, for a prohibitory injunction to prevent defendants 1 and 2 from passing off their products as those of plaintiffs. Thirdly, for damages of Rs.40 lakhs from defendants 1 and 2. Fourthly, for delivering up of all infringing material or equipment and; Fifthly for rendition of accounts since 1997.

4. In the written statement and the counter-claim, the stand of the defendants was that they are manufacturing their machines/burners and selling them since 1997 i.e., in the year in which the 1st plaintiff applied for its patent in India. The defendants have also taken various other grounds *viz.*, that the plaintiffs' machinery does not constitute any invention as this was already disclosed in the Ulrich patent as early as in 1957. That plaintiffs' machines do not disclose any new process and that it was already in vogue as early as in 1902 and that process has already passed into public domain.

5. Admittedly, the defendants also filed a revocation petition before the Intellectual Property Appellate Board, seeking for the revocation of the patent held in the name of the plaintiffs, in April, 2012 and counter claim in the suit OS No.647 Of 2012 in August, 2012. Plaintiffs filed the suit in July, 2012.

6. In effect, the defendants who have filed the revocation petition before the Intellectual Property Appellate Board, even prior to the filing of suit by the plaintiffs, also want to re-agitate the same issue before this Court, by way of counter claim. This course of action sought to be adopted by the respondents-defendants was held to be impermissible by the Supreme Court in DR. ALOYS WOB BEN's case stated supra, as it could lead to one finding by the Intellectual Property Appellate Board in the revocation petition and a different finding in the counter claim filed in the infringement suit filed by the plaintiffs.

7. Learned counsel for the plaintiffs-petitioners drawn my attention to the elaborate discussion made by the Supreme Court in DR. ALOYS WOB BEN's case and stated that under Section 64 of the Patents Act, revocation of a patent is available to three different entities, viz., to any person interested, the Central Government and to a defendant in an infringement suit, by way of a counter claim and in so far as persons interested and the Central Government, the petition for revocation would lie before the Intellectual Property Appellate Board, but a counter claim by a defendant is

adjudicable only by the jurisdictional High Court. Learned counsel further contended that if a revocation petition is filed by any person interested in exercise of the liberty vested under Section 64 (1) of the Patents Act, prior to the institution of an infringement suit against him, he would be disentitled in law from seeking the revocation of the patent through a counter-claim, and this ratio laid down by the Supreme Court in *DR. ALOYS WOBEN's* case is squarely applicable to the facts of the present case and, therefore, the application is liable to be allowed.

8. On the other hand, learned counsel for the defendants-respondents contended that if the counter claim filed in the infringement suit filed by the plaintiffs is disallowed to be pursued by reason of the revocation petition filed by the defendants, in exercise of the liberty vested in them under Section 64 (1) of the Patents Act, is being worked by the defendants as a person interested, before the Intellectual Property Appellate Board, the very object of a making a separate provision enabling the person interested to file revocation petition will be frustrated. Learned counsel would further contend that even if it is to be construed that parallel

proceedings are being continued simultaneously, before two forums, and there is possibility of coming out conflicting decisions, suit and counter claim can be stayed under Section 10 CPC, till finding is recorded by Intellectual Property Appellate Board.

9. The issues raised in this case are no longer *res-integra* in the light of the decision of the Supreme Court in DR. ALOYS WOBEN's case *supra* and the ratio laid down therein would squarely apply to the facts of the present case. It was held by the Supreme Court that even though under Section 64 of the Patents Act, revocation of a patent is available to three different entities, *viz.*, to any person interested, the Central Government and to a defendant in an infringement suit way of a counter claim, and though there are more than one remedies are available to the respondents, the respondents would be disentitled to avail two remedies, for the same purpose, simultaneously. In this case, the defendants also availed two remedies simultaneously and for the same purpose, one by way of counter claim in the suit filed by the plaintiffs and another by way of revocation petition before the Intellectual Property Appellate Board.

10. The Supreme Court in paras 23, 24 and 26 of the judgment summarized the law on the subject as under:-

"23. Keeping in view the submissions advanced at the hands of the learned counsel for the appellants. (as have been noticed in the foregoing paragraphs), the question which arises for determination is, that having chosen both the above remedies, which one of the two, should the respondents, be permitted to pursue. The answer to the above query, will, if possible, have to be determined from the provisions of the Patents Act itself. In this behalf we may at the outset record, that learned counsel for the rival parties, did not invite our attention to any provision from the Patents Act, which would provide a clear pointer, to the course to be adopted. Whilst it was undoubtedly submitted, on the one hand, that the choice should fall in favour of the superior forum. Details about the locus, in respect of other challenges have been narrated in paragraph 16 hereinabove. We may in the passing record, that the determination of the "counter -claim" would be with the superior forum, i.e., the jurisdictional High Court (Sections 64(1) and 104 of the Patents Act). The above submission was sought to be countered, on the other hand, by pointing out, that the opportunities provided by the legislature to assail the order(s) passed under the Patents Act, could not be reduced. In this behalf, it was submitted, that the remedies provided by the legislature, where a "revocation petition" is filed, were far in excess of the remedies, in case revocation was sought through a "counter -claim". The legitimate inference derived from the former submission, was

thus equally legitimately, repudiated by the latter contention. Since no legitimate solution could emerge from the provisions of the Patents Act, it would be essential, to rely on known principles of law, to resolve the issue. We shall therefore attempt to resolve the issue, on accepted principles of law."

"24. A "counter claim" for all intents and purposes, must be understood as a suit, filed by one who is impleaded as a defendant. A "counter claim" is essentially filed to obstruct the claim raised in a suit. A "counter -claim" is tried jointly, with the suit filed by the plaintiff, and has the same effect as a cross suit. Therefore, for all intents and purposes a "counter claim" is treated as a plaint, and is governed by the rules applicable to plaints. The court trying a suit, as well as, the "counter claim", has to pronounce its judgment on the prayer(s) made in the suit, and also, those made in the "counter -claim". Since a "counter -claim" is of the nature of an independent suit, a "counter -claim" cannot be allowed to proceed, where the defendant has already instituted a suit against the plaintiff, on the same cause of action. The above conclusion is drawn on the basis of the accepted principle of law crystallized in Section 10 of the Code of Civil Procedure, 1908 (hereinafter referred to as, the CPC) read with Section 151 of the CPC. Both the above provisions are being extracted hereunder: -

"10. Stay of suit. - No Court shall proceed with the trial of any suit in which the matter in issue is also directly and substantially in issue in a previously instituted suit between the same parties, or between parties under whom they or any of them claim litigating under the same title where such suit is pending in the

same or any other Court in India having jurisdiction to grant the relief claimed, or in any Court beyond the limits of India established or continued by the Central Government and having like jurisdiction, or before the Supreme Court.

Explanation - The pendency of a suit in a foreign Court does not preclude the Courts in India from trying a suit founded on the same cause of action."

"Section 151 CPC - Saving of inherent powers of Court- Nothing in this Code shall be deemed to limit or otherwise affect the inherent power of the Court to make such orders as may be necessary for the ends of justice or to prevent abuse of the process of the Court."

Therefore, where an issue is already pending adjudication between the same parties, in a Court having jurisdiction to adjudicate upon the same, a subsequently instituted suit on the same issue between the same parties, cannot be allowed to proceed. A similar question arises for consideration before this Court, in the present controversy. If the respondents in their capacity as "any person interested", had filed a "revocation petition" before the institution of an "infringement suit", they cannot be permitted to file a "counter -claim" on the same cause of action. The natural conclusion in the above situation would be, the validity of the grant of the patent would have to be determined in the "revocation petition". Therefore, in the above situation, while the "revocation petition" will have to be permitted to be pursued, the "counter -claim" cannot be permitted to be continued. Therefore, in the above eventuality, it is apparent that the situation would be resolved, in the same manner, as it would have been resolved in cross -suits filed by the rival parties, before different jurisdictional courts. In our considered view, the above conclusion is imperative for a harmonious interpretation of the relevant provisions of the Patents Act."

“26.....Secondly, if a "revocation petition" is filed by "any person interested" in exercise of the liberty vested in him under Section 64(1) of the Patents Act, prior to the institution of an "infringement suit" against him, he would be disentitled in law from seeking the revocation of the patent (on the basis whereof an "infringement suit" has been filed against him) through a "counter claim".....”

11. In the light of the above dicta of the Supreme Court in DR. ALOYS WOBEN's case supra, the defendants-respondents are disentitled to pursue the counter claim filed by them in the suit OP No.1 of 2013. The respondents, having elected to file revocation petition under Section 64 (1) of the Patents Act before the Intellectual Property Appellate Board, even before the plaintiffs filed suit OP No.1 of 2013, cannot be allowed to seek the self same relief, simultaneously, by way of counter claim in the infringement suit filed by the petitioners. The contention of the learned counsel for the respondents to stay the suit till the revocation petition is decided also cannot be countenanced as the decision of the Intellectual Property Appellate Board is binding, unless appealed against, and cannot be made a plank in the counter claim. Furthermore, if the counter claim is stayed, the suit will also have be stayed which frustrate the right of the

plaintiffs. It is not the case of the respondents that the subject matter of consideration in these two matters are entirely different. In view of the same, question of staying the counter claim does not arise and, therefore, the counter claim is dismissed. The application is ordered.

12. In view of the dismissal of the counter claim, the suit is to be returned to the District Court, Ranga Reddy at LB Nagar. In the circumstances, Registry is directed to return the suit papers to the District Court, Ranga Reddy at LB Nagar, for disposal, in accordance with law.

Sd/-T.LAKSHMI HEMALATHA
JOINT REGISTRAR

//TRUE COPY//


SECTION OFFICER

To

1. The District Judge, District Court, Ranga Reddy District, at L.B.Nagar. (along with suit papers) (By special Messenger)
2. Sri. Rajshanker, Jeyaprakash, Power of Attorney Holder on behalf of Flsmidth earlier known as F.L.SMidth & Co. A/S,) Vigerslev Alle 77, 2500 Valby, Denmark.
3. Flsmidth Private Limited, Flsmidth House, 34, Egatoor, Kelambakkam, Rajiv Gandhi Salai Chennai-603 103 Kanchipuram District.
4. Sandeep Sanghavi, Managing Partner, Sanghavi Engineering, 121, CO-Op. Industrial Estate, Balnagar Expansion, Gandhi Nagar, Hyderabad-500 037.
5. Sanghavi Engineering, 121, CO-Op. Industrial Estate Balnagar Expansion, Gandhi Nagar, Hyderabad-500 037.
6. ACC Limited Lakheri Cement Works P.O.Lakheri -323 603 Dist. Bundi Rajasthan
7. One cc to Sri. Dr.Venkat Reddy Donthi Reddy, Advocate (OPUC)
8. One cc to Sri. M.S.Srinivas Iyengar, Advocate (OPUC)
9. The Section Officers, E.R. and O.S. Sections, High Court, at Hyderabad.
10. Two CD Copies

Kj.



HIGH COURT

Dated 18/12/2015

ORDER

APPLICATION NO.1230/2014
IN
OP NO.1/2013
AND
OP NO.1/2013



Ordering the application and dismissing the counter
claim and returning the suit papers to District Court.

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T-S 15/2/2016