

(2002) 03 MAD CK 0194

Madras High Court

Case No: Orl. Application No's. 337 to 339 of 2001 and Application No. 4803 of 2001 in
C.S. No. 265 of 2001

Officine Lovato S.P.A.

APPELLANT

Vs

Raajan Automobiles (P) Ltd. and
Others

RESPONDENT

Date of Decision: March 18, 2002

Acts Referred:

- Designs Act, 1911 - Section 51A
- Patents Act, 1970 - Section 133

Citation: (2003) 27 PTC 343

Hon'ble Judges: E. Padmanabhan, J

Bench: Single Bench

Judgement

E. Padmanabhan, J.

The applicants in O.A. No. 337 to 339 of 2001 are the plaintiffs in C.S. No. 265 of 2001. The applicants in Application No. 4803 of 2001 are defendants 1 and 2 in the suit, who have moved the application to vacate the order of interim injunction granted on 11.4.2001 in O.A. No. 339 of 2001. For convenience, the parties will be referred as arrayed in the suit.

2. The plaintiffs instituted the suit seeking the relief of permanent injunction restraining the defendants, their servants or agents or anyone claiming through them from in any manner infringing the plaintiffs registered patent bearing No. 01301264 by using the offending patents either using the trade mark "LOVATO" and "LOVATO AUTOGAS" or the trade mark RAAJAN AUTO GAS or any other mark or marks which are in any way identical with or colourable imitation of the plaintiff's registered patent, bearing the trade mark "LOVATO" AND "LOVATO AUTOGAS", either by manufacturing, selling or offering for sale or in any manner advertising the same ; (b) granting permanent injunction restraining the defendants, their servants or agents or anyone claiming through them from in any manner infringing the

plaintiff's registered Design bearing the trade mark "LOVATO" and "LOVATO" AUTO GAS or the trade mark RAAJAN AUTO GAS or any other design or designs which are in any way identical with or colourable imitation of the plaintiffs registered design, "LOVATO" AND "LOVATO AUTO GAS", either by manufacturing, selling or offering for sale or in any manner advertising the same ; (c,) granting permanent injunction restraining the defendants, their servants or agents or anyone claiming through them from in any manner passing off the plaintiffs Auto Gas Conversion Kit bearing the offending design, patent either by using the trade mark "LOVATO AUTOGAS" or the trade mark RAAJAN AUTO GAS or any other mark or marks as and for the well established Auto Gas Conversion Kit of the plaintiffs bearing the registered patent and design and sold under the trade mark "LOVATO" AND "LOVATO AUTOGAS", either by manufacturing, selling or offering for sale or in any manner advertising the same ; (d) directing the defendants to surrender to the plaintiff's the entire stock of the offending Auto Gas Conversion Kit bearing the offending Patent and Design sold under the trade marks "LOVATO AUTO GAS" or RAAJAN AUTO GAS or any other mark or marks together with blocks and dyes for destruction ; (e) directing the defendants to render a true and faithful account of the profits earned by them through the sale of the Auto Gas Conversion Kit bearing the offending design, patent and sold under the trade marks "LOVATO" or "LOVATO AUTOGAS" or any other trade mark or marks and directing payment of such profits to the plaintiff for the passing off committed ; and for other consequential reliefs.

3. Pending the suit the plaintiff's filed O.A. No. 337 of 2001 to grant ad interim injunction restraining the respondents from in any manner infringing the applicants registered patent bearing No. 01301264 by using the offending patent either using trade mark "LOVATO" and "LOVATO AUTOGAS" or the trade mark RAAJAN AUTOGAS or any other mark or marks which are in any way identical with or colourable imitation of the applicant's registered patent bearing the trade mark "LOVATO" and "LOVATO AUTOGAS", either by manufacturing, selling or offering for sale or in any manner advertising the same pending disposal of the suit.

4. O.A. 338 of 2001 has been filed granting ad-interim injunction restraining the defendants, their servants or agents or anyone claiming through them from in any manner infringing the plaintiff's registered Design bearing the trade mark "LOVATO" and "LOVATO AUTOGAS" or the trade mark RAAJAN AUTO GAS or any other design or designs which are in any way identical with or colourable imitation of the plaintiff's registered design, "LOVATO" and "LOVATO AUTOGAS", either by manufacturing, selling or offering for sale or in any manner advertising the same pending disposal of the suit.

5. O.A. No. 339 of 2001 has been filed seeking for an order of interim injunction restraining the defendants, their servants or agents or anyone claiming through them from in any manner passing off the plaintiff's Auto Gas Conversion Kit bearing the offending design, patent either by using the trade mark "LOVATO AUTOGAS" or

the trade mark RAAJAN AUTO GAS or any other mark or marks as and for the well established Auto Gas Conversion Kit of the plaintiff's bearing the registered patent and design and sold under the trade mark "LOVATO" AND "LOVATO AUTOGAS", either by manufacturing, selling or offering for sale or in any manner advertising the same pending disposal of the suit.

6. In Original Application No. 339 of 2001, by order dated 11.4.2001, I.DAVID CHRISTIAN, J., granted interim injunction. To vacate the said interim order the defendants filed Application No. 4803 of 2001. All the applications are taken up together and arguments were addressed by Mr. Balasubramniam, learned counsel appearing for the plaintiff and Mr. M.K. Rao, learned counsel appearing for the first defendant. Common arguments were advanced in all the three applications and also in the application filed to vacate the interim injunction.

7. Concedingly the plaintiff is the holder of the design No. 182716 and 182717 as issued by the Patent Office Designs Branch in respect of LPG Pressure Reducer in Clause 1. According to the plaintiff's it is an Italy based company carrying on exclusive business throughout the world pertaining to Auto gas conversion Kit Manufactured by them with a novel design and the same has been patented in various countries. Since 1979, the plaintiff has been using the manufacturing the said Auto gas conversion Kit under the trade mark "LOVATO" and "LOVATO AUTOGAS" from Italy and since 31.1.1995 in India. The application for registration for patent right was applied on 31.7.1998 in Italy and it was secured on 9.6.2000, while in India the applicant applied for registration on 26.6.2000 and subsequently the certificate of registration has been issued in favour of the plaintiff. The plaintiff has registered the trade marks "LOVATO" AND "LOVATO AUTOGAS" in various other countries and in some countries it is pending registration. Even in India the plaintiff has already applied for registration of the trade marks and the registration of the said mark is pending. The plaintiff has secured registration of the design of their product "LOVATO ELECTRONIC LPG PRESSURE REDUCERS and STANDARD LPG PRESSURE REDUCER" under the Designs Act in India and the certificates have been issued on 26.6.2000.

8. The plaintiff pleaded that it has build up a good business and reputation in India as well as in various other countries. The plaintiff came to know that the first defendant has been manufacturing and selling Autogas Conversion Kit verbatim copying the registered patent and designs of the plaintiff with the offending trade mark Raajan Auto Gas in Chennai through their Branch offices at Vellore and Coimbatore. It is a reproduction of the plaintiff's product in every aspect. The defendants have not even left the certificate similar to ISI mark which refers to the homologation and Numbers issued by various countries in its products. The defendants Kit is replica of the plaintiff's products.

9. The Netherlands Certifying Agency have given their approval exclusively for the plaintiff's product and it is valid and recognised in 39 European countries. The

letters DGM with No. 36952 GPL is the authorisation given by the Italian Ministry of Transport, besides grant of approval to use the component for conversion of automobile vehicle to run into gas. Taiwan Government has also given approval. Thus throughout the world the plaintiff has established good market, cliental and a good reputation since its products namely conversion Kit is time tested one and it served well.

10. The plaintiff came to know through the marketing Agencies that the defendants are duplicating the plaintiff's Kits and marketing them at New Delhi, Bangalore and Chennai and the plaintiff initiated criminal action against the defendants. The first defendants has factually used the very mark which the plaintiff has secured from Netherlands Certificate and DGM Italy Certificate for their products. In the second batch, DGM is not used and R number alone is used. In the third and present batches of manufacturing the Kits plain and verbatim copying the copying the copyright whole internal design and overall design of the plaintiff's product is being adopted by the defendants. The plaintiff's coil is machine made whereas the duplicate as fabricated by the first defendant is manual. If the coil is disturbed, the whole functioning of the Kit is bound to come to a grinding halt and there is likelihood of generating fire endangering the lives of the occupants of the vehicle.

11. The plaintiff had the benefit of interim injunction granted by this Court on 11.4.2001 and as there is violation, the plaintiff also moved contempt application No. 604 of 2001 against the first defendant and this Court is seized of the contempt proceedings by ordering notice to the contemnor. Though it is pointed out that the defendants 1 and 2 have no branches at New Delhi and Bangalore, it is pointed out that advertisements have been issued by the first defendant in English Daily Hindu dated 28.7.1999 setting out the branches.

12. In the counter affidavit it is stated that the first defendant is manufacturing only Pressure Reducer (Vaporiser) and not the Auto Conversion Kit, while the defendants in the suit fairly state that the first defendant is the supplier supplying autogas conversion Kit. It is stated that the first defendant has taken part in the Industrial Exhibition held at New Delhi during January 2002 and exhibited its products as seen from the typed set of papers. While admitting that the plaintiff is the leading manufacturer with world wide market the defendants have disputed the patent registered at Italy.

13. It is stated that India is a Member of the Convention Countries and the plaintiff is entitled to protection in terms of Section 133 of the Patents Act, 1970. So far as the designs are concerned the plaintiff has got a valid registration and the defendants cannot adopt the very same design and it is an infringement of the plaintiff's right. According to the plaintiff the defendants are copying the plaintiff's patent, design and mark and selling fake Kits throughout India as if that of the Principal supplier "LOVATO" AUTOGAS and injunction already granted should be made absolute and injunction should be granted in other two applications as well.

14. Mr. M.K. Rao, learned counsel appearing for the defendants while taking the Court through the typed set of papers and the common counter affidavit contended that the gas is a descriptive term which cannot be monopolised by any one, much less, the plaintiff. No question of passing off arises since the plaintiff has no objection for the defendants using the words Raajah or Raajan Autogas. It is contended that the plaintiff has no patent granted in India, that no Indian Patent Certificate under the Patents Act, 1970 has been produced and therefore no infringement could be complained of. The certificate of registration of design filed by the plaintiff do not disclose what design has been registered and no photographs of the alleged design found in the annexures to the certificate that has been filed to enable this Court to find out what the designs are. The certificates relied upon by the plaintiff cannot be used before the a Court of law since there is restriction with respect to user of the said certificate as seen from the foot note. Since the plaintiff has marketed its products even before registration, the registration is invalid as the designs are not new on the date of submitting the application. The registration certificate relied upon by the plaintiff is invalid and it cannot be relied upon by the plaintiff. The defendants contend that the plaintiff is not entitled to an order of injunction and the interim order already granted has to be vacated.

15. In all the three applications the points that arise for consideration are :

- (i) Whether the interim injunction already granted in Application No. 339 of 2001 has to be made absolute or vacated ?
- (ii) Whether the plaintiff has made out a prima facie case for grant of injunction in O.A. Nos. 337 and 338 of 2001 ?
- (iii) Whether the order of interim injunction already granted deserve to be vacated ?
- (iv) To what relief, if any ?

All the above points could be considered together.

16. On a consideration of the material papers as well as the certificates produced by the plaintiff it is clear that the plaintiff has patented design and mark and manufacturing the Kit "LOVATO" for gas conversion as claimed by it and it is definitely a prior user long prior to the defendants. The defendants products as seen from the typed set of papers placed before the Court are identical to the design and patent of the plaintiff. The defendants have even affixed the very same numbers and marks which the plaintiff has its own in terms of the certificate issued by various countries.

17. There is no escape for the defendants and it is a clear case where the defendants are trying to pass off the plaintiff's design patent and marks. The plaintiff has already registered its mark, design and patented in other countries as well as in India. Though it is contended by Mr. M.K. Rao, learned counsel that certificate cannot be relied upon there is material to show that the plaintiff has been using the

patent mark for a considerable number of years and has built up a good market and reputation and also has large volume of business. The plaintiff is also a reputed manufacturer of the said Kit and marketing it throughout the world, while the first defendant for the first time, taking advantage of its earlier relationship as seen from the stand taken by the defendants 2 and 3, has practically adopted the design, patent and mark which the plaintiff has built up for years together.

18. Merely because the plaintiff has registered the patent and design in various other countries it cannot be stated that the plaintiff is not entitled to the relief of injunction. The plaintiff has made out a *prima facie* case by producing material documents which would show that the plaintiff is the exclusive owner of the patent design and mark as claimed by it and has built up a considerable business market with a good reputation. The defendants cannot infringe the plaintiff's mark or design or patent. Assuming for the purpose of argument that the plaintiff is yet to complete registration formalities it is clear that in terms of Chapter CXXII in the respect of Member Convention Countries similar privileges and rights are granted to its own citizens in respect of grant of patent and the protection of patent rights are secured. Therefore it cannot be stated that the registration of the patent in other countries is of no use or avail.

19. In *Metro Plastic Industries (Regd) v. Galaxy Foot Footware*, New Delhi, 2000 PTC 20, S.N. Variava, J., as he then was, held thus :-

"The question which has been referred to this Full Bench is :

Whether or not an injunction can be granted in favour of a registered owner of a design when application u/s 51-A of Designs Act is pending ?

2. On this question a number of judgments of this Court and other courts have been shown to us. The difficulty arose because it *prima facie* appeared that two Division Bench of this Court had taken different views.

3. It had been held in the case of *Mohammad Abdul Karim Vs. Mohammad Yasin*, and *Dwarkadas Dhanji Sha Vs. Chhotalal Ravicarandas and Co.*, that merely because the registered holder of a design filed a suit u/s 53 it would not mean that the defendant to that suit could not plead that design was previously published and was neither new nor original.

4. In the case of *Sat Pal Singh v. S.P. Engineering Works*, 1982 (2) PTC 193, after considering various provisions of the Patents and Designs Act, 1911, a Single Judge of this Court held that once a design was registered, *prima facie*, it was only the registered proprietor, who could take benefit of the registered design during the period of the validity of the registration. The court held that *prima facie*, once the design was registered, the registered proprietor could insist that any one, committing piracy should be restrained from doing so. The court then negatived the contention that even if a false plea about the validity of registration was taken up by

a defendant, no interim injunction should be granted. The court went on to hold that the contention that the design had no novelty was a valid defence to the suit and could be raised to challenge the validity of the registration. It further held that this did not have any bearing at the initial stage and that these were matters to be decided on evidence. It must be mentioned that after so holding the court, went into the merits and held that in that case it had not been shown that the design was previously published.

5. Thereafter in the case of *Tilak Raj v. Clan Deal Industries*, (1985) Arb.L.R. 549, it has been held as follows :-

"4. The learned trial court was in error in implicitly relying on the Lahore decision which did not notice the provisions of Section 51A which was inserted by Act 7 of 1930. Section 51A makes it clear that a person interested in challenging the validity of registration of a design has to present the petition to the High Court which alone has the jurisdiction to cancel such design on various grounds including the ground that such a design had been previously published in India or that it was not new or original. In the absence of Section 51A, it could be argued that even in a suit complaining of an infringement of a registered design, the defendant could raise the plea that the registration was invalid. But after the enactment of Section 51A, such a plea has to be raised by an application for the cancellation of the said design. Moreover, the jurisdiction for such cancellation was vested in the High Court alone. The present suit not having been filed in the High Court, the defendant could not raise the plea about the invalidity of the design in the trial court. At the most, the defendant could have applied for a stay of the suit and made an application to the High Court u/s 51A for the cancellation of the design. The defendant has done so. The decision of the trial court amounts to invalidating the registered design of the plaintiff. As such it was clearly without jurisdiction. The effect of reading Sections 43, 47, 51A and 53 together is that so long as the copyright conferred on the plaintiff by the registration of the design is operating, he can complain of any infringement against it by the defendant. If the defendant wants to deny the validity of the registration, it has to apply for the cancellation of the registration to the High Court. In the absence of such an application, the design has to be treated as valid by the trial court.

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29. We have considered the argument of both sides. The question for consideration really is whether or not Section 53 gives an absolute right to a registered owner of a design such that he is automatically, i.e., merely by virtue of such registration, entitled to prevent all other persons from using that design on goods of that class.

30. In our view, the Act itself provides an answer to the question whether the right u/s 53 is absolute or not. It is to be seen that if there is an absolute right then the registered owner of the design could not only prevent all other persons by filing a

suit u/s 53, but could also threaten to file legal proceedings. He would then by such threats prevent use of the design. Normally, before a suit is filed, a notice claiming infringement with a threat to file legal proceedings would be issued. If there was an absolute right, then on such a treat the only remedy available to the other party would be to apply for cancellation. Pending cancellation the other person would have to stop using, infringing the design. As seen above, Section 54 of the Designs Act incorporates into the Designs Act Section 106 of the Patents Act. Section 106 of the Patents Act has been set out hereinabove. Section 106 of Patents Act enables a person to file a suit for a declaration that the threat given by a registered owner of the design is unjustified and to seek an injunction against continuance of a threat." I am in respectful agreement with the view taken by the learned Judge.

20. It is clear from the facts that the defendants are infringing the plaintiff's patent design and mark in respect of plaintiff's product "LOVATO" and "LOVATO AUTOGAS" and therefore, prima facie injunction has to be granted as prayed for in all the three applications and the interim injunction already granted in Original Application No. 339 of 2001 deserves to be made absolute as the plaintiff has made out a prima facie case and the defendant cannot be permitted to pass off the plaintiff's mark or design or patent or violate the plaintiff's rights. There is no escape for the defendants. It may be that the defendants may use the expression "Raajan" or "Raajan Autogas" in respect of their business or components, but it shall not violate the plaintiff's patent, design or mark in respect of conversion Kit. Not only the plaintiff has made out a prima facie case, but also a strong case for grant of injunction and violation of any of the plaintiff's right by the defendants has to be prohibited forthwith, lest the interest of the plaintiff will suffer and it will cause irreparable loss and the plaintiff's reputation and business will suffer.

21. This is a clear case of infringement and at any rate the plaintiff being a prior user of the design, patent and mark, the plaintiff is entitled to injunction as prayed for in Original Application Nos. 337 to 339 of 2001. While making it clear that there cannot be any injunction in respect of the defendants user of "Raajan" or "Raajan Autogas" in respect of the business carried on by it, however, the defendants shall not infringe the plaintiff's right by adopting the same design, patent and marks.

22. In the result, the interim injunction already granted in O.A. No. 339 of 2001 is made absolute and there will be interim injunction in O.A. Nos. 337 and 338 of 2001 pending disposal of the suit. Consequently, Application No .4803 of 2001 taken out by the defendants to vacate the interim injunction already granted is dismissed. No costs.