

**Salzer Electronics Ltd Vs. Sg Controls and Switchgear**

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**Court :** Chennai

**Decided On :** Sep-21-2012

**Judge :** K. Chandru

**Appeal No. :** Original Application Nos.327 & 328 of 2011 IN C.S.No.240 of 2011

**Appellant :** Salzer Electronics Ltd

**Respondent :** Sg Controls and Switchgear

**Advocate for Pet/Ap. :** For the Petitioner: A.A. Mohan, Advocate. For the Respondent: Prabakarareddy, Advocate.

**Judgement :**

K.CHand RU, J.

1. Both applications were filed by the applicant / plaintiff, seeking for an interim injunction with reference to an infringement of the applicant's registered patent bearing No.198122 in respect of Integral Cam Operated Rotary Switch by manufacture and sale of products identical to the applicant's products and also seeking for an interim injunction restraining the respondents from in any manner passing off Cam Operated Rotary Switches manufactured and sold by them by using identical or deceptively similar product, same or similar trade dress, colour scheme, get-up and layout.

2. Pending notices on the Original Applications, no ex parte order of injunction was granted. A counter affidavit, dated 09.04.2011 has been filed in both original applications. The applicant has filed a reply affidavit, dated 25.04.2011.

3. The applicant / plaintiff had filed a suit for the grant of similar relief of permanent in nature. On suit notice being served, the first defendant / first respondent had filed a written statement, dated 18.04.2011 and also made a counter claim declaring that the patent granted under No.198122 is liable to be revoked under Section 64 of the Patent Act, 1970 and also for revoking the patent granted in favour of the plaintiff.

4. Heard the arguments of Mr.A.A.Mohan, learned counsel for the applicants and Mr.A.Prabhakara Reddy, learned counsel appearing for the respondents.

5. The case of the applicant was that the applicant belonged to the famous Salzer Group incorporated as a company with the Registrar of Companies in the year 1985. They are pioneer in India in manufacturing and selling wide range of switches, rotary switches, parts, components, fitting of switches since the year 1985. Their products were manufactured with technical and financial collaboration of M/s.Saelzer Schaltgerate Fabrik, GmbH, Germany. The applicant's rotary switches were certified with UL and CE certifications and it qualifies for the export to American and European markets. They also has the certification of ISO 9000 : 2004, ISO 9000 : 2008. They are the market leader in manufacturing world class Cam Operated Rotary Switches. The applicant had invented a novel Integral Cam Operated Rotary Switches in the year 1999. For protecting their intellectual property, they had applied for the registration of their new invention with the Controller of Patents on 31.08.1999 under the title Integral Cam Operated Rotary Switches. It has provisions for activating the circuits in or or more switch settings. It is enabled with an inbuilt programmed activation for loading circuits. The applicant had put in their intellectual skill and labour in the development and standardization of the invented product. By virtue of the long, continuous and extensive use for more than a decade, the applicant's unique design along with the Yellow ad Red colour combination for exterior panel and knob for their reputed Integral Cam Operated Rotary Switches have acquired secondary meaning and

has been used as trade dress for switches. They have salient features which distinguishes it from other ordinary Rotary Switches. The applicant's rotary switches are marketed through world renowned Larson and Tubro Ltd. Their sale figures for the year from 2000-01 to 2009-10 have been set out in paragraph 9 of the common affidavit filed by the applicant. In the year 2009-2010, it is Rs.954 lakhs.

6. But to the shock and surprise, the applicant came to know that the respondents have been manufacturing the identical rotary switches with identical technology, identical design and identical yellow and red colour combination. The applicant had purchased the respondents' product and dismantled the same to know its dimensions and specifications. It is apparent that the respondent had imitated all features of the applicant's patented product. The applicant had issued a legal notice on 08.04.2010 calling upon the respondents to cease and desist from manufacturing the product. The first respondent by reply dated 21.04.2010 had declined the request. But, however, the respondent had temporarily stopped manufacturing and marketing the impugned rotary switches. But the applicant's marketing people came across the resurfacing of the first respondent's spurious, counterfeit rotary switches using the applicant's identical technology. The intention of the first respondent was obvious. They by their wrongful activities had committed the acts of infringement of the patent. The second respondent is the dealer of the first respondent's impugned product. The specification of the applicant's product as well as the respondents' product was set out in paragraph 13 of the affidavit. It is unnecessary to reproduce the same. But it is contended that the applicant has the exclusive right to use and exploit the patent under Section 48 of the Patents Act, 1970. The respondents had caused confusion and deception and are infringing the registered patent. The respondents had copied the unique colour scheme yellow and red. The applicant has both statutory and common law right over the unique and novel product. If the respondents are allowed to carry on their business, the sale and reputation of the applicant's product will be adversely affected by the sale of inferior quality by the respondents. The applicant will also suffer irreparable loss and injury.

7. In the counter affidavit filed by the respondents, it was stated that the applicant did not approach this court with clean hands. They are making deliberate and false statements. The applicant's notice in April, 2010 was promptly replied on 21.4.2010. Thereafter, the applicant kept quiet for one year and now they had filed the present suit. The allegation that after notice the respondents had stopped manufacturing and marketing the product was denied. The patent obtained by the applicant was revocable on a mere cursory look of the specifications and the claim made. The applicant had obtained the patent by playing fraud and misleading the officials. Most of the manufacturers of Cam Operated Rotary Switches use the identical shape and colour scheme. The shape is also universally same being dictated by the functionality. The defendants / respondents had also shown the rotary switches manufactured by the other manufacturers, i.e., Kundan, Jaibalaji, Selvo and Smilltech, which are identical. Therefore, there is no case for the grant of any interim order.

8. In the written statement filed in the suit, it is further elaborated by stating that the patent obtained by the applicant does not disclose any new technology. They had obtained frivolous patent without having invented any new product. The invocation of Section 45 is un-called for. The defendants are in the industry for more than 23 years and have established their own goodwill and reputation. The defendants are carrying on their own old business by following the ethical practice in the industry. There was no need or necessity for them to copy or use the patented technology. The patent obtained by the applicant was without any inventive steps. It was the vexatious patent obtained by them. The description of the invention as given in the complete specifications relating to the patent No.198122 gave only the method of assembling the Cam operated rotary switches which is universally followed by all manufacturers. There is no novelty in the assembling. Every manufacturers of the cam operated rotary switches use the same red and yellow colour. Therefore, the applicant cannot claim and exclusive right over the said colour. In claiming patent referring to prior art, the plaintiff had stated that "Modern rotary switches are, however, more complex and standardized. The selective switching action between pole(s) and load terminal(s) in a rotary switch is now carried out in a unit, which is called a switching module. Switching modules are standardized and a rotary switch may comprise one or more of switching modules. Switching modules are

also referred to in the art as decks, packets and stages and by other terms but in this specification the term 'switching modules' is uniformly used." Therefore, it cannot be contended that they have the patent of Cam Operated Rotary Switches.

9. In the reply affidavit filed by the applicant, it was stated that the applicant had distinguished the relevant prior arts, which explicitly brings out the difference from each of the prior art. The applicant had also explained the difference between the US patent and Salzer patent.

10. In the light of these rival contentions, it has to be seen whether the applicant has made out any case for the grant of an interim order?

11. It was contended that under Section 48, the patent granted under the Act shall confer upon the patentee, if 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. The respondents placed reliance upon Section 64 of the Patents Act to contend that the subject of any claim of the complete specification is not an invention and if the patent was obtained wrongfully and if the invention of the claim of the complete specification is not new and it does not involve any inventive steps, it is open to the respondents to seek for revocation of the patent under Section 64(4) without prejudice to the provisions of Section 64(1) and the patent may be revoked by this court if this court is satisfied.

12. Mr.A.A.Mohan, learned counsel appearing for the applicant placed reliance upon a judgment of the Bombay High Court in Lallubhai Chakubhai Jariwala Vs. Chimanlal Chunilal and Co. reported in AIR 1936 Bombay 99 for contending that under the Patents Act, the term "manufacture" comprehends not only the production of article, but also the means and method of producing it, so that a new process or the improvement of an old process can be a manufacture within the meaning of the Act. The word "art" is sometimes used as an equivalent of manufacture. The question whether there is invention is a question of fact in each case.

13. He also referred to a judgment of the Delhi High Court in M/s.Hindustan Pencils Pvt. Ltd. Vs. M/s.India Stationery Products Co. and another reported in AIR 1990 Delhi 19 for contending that a mere delay cannot disentitle the patentee from getting the relief from the court. Reliance was placed upon the following passage found in paragraphs 30 and 31, which reads as follows:

"30.) It would appear to be difficult to accept that relief of temporary injunction should not be granted, because of the delay on the part of the plaintiff, even though the Court feels, at that point of time, that ultimately permanent injunction will have to be granted.

31.) Even though there may be some doubt as to whether laches or acquiescence can deny the relief of a permanent injunction, judicial opinion has been consistent in holding that if the defendant acts fraudulently with the knowledge that he is violating the plaintiff's rights then in that case, even if there is an inordinate delay on the part of the plaintiff in taking action against the defendant, the relief of injunction is not denied. The defence of laches or inordinate delay is a defence in equity. In equity both the parties must come to the Court with clean hands. An equitable defence can be put up by a party who has acted fairly and honestly. A person who is guilty of violating the law or infringing or usurping somebody else's right cannot claim the continued misuse of the usurped right....."

14. He also referred to a decision of the division bench of this court in Gandhimathi Appliances Limited, Kelambakkam, Kacheepuram District, Tamil Nadu Vs. L.G.Varadaraju and others reported in (2000) 3 MLJ 85 for contending that appropriating what has already been patented as part of ones product and adding something thereto does not render such device any less an infringement of the patented product as if it were to be held otherwise. He referred to the paragraph 35 of the said judgment which reads as follows :

"35) ....Appropriating what has already been patented and as part of ones product and adding something thereto, does not render such device any less an infringement of the patented product as if it were to be held otherwise, anyone who makes the slightest improvement over the pre-existing knowledge can claim to disregard every patent then in existence in respect of pre-existing state of

knowledge as reflected in the different devices for which patents had been granted at a prior point of time."

15. The learned counsel also placed reliance upon a division bench judgment of the Delhi High Court in *Raj Parkash Vs. Mangat Ram Choudhary and others* reported in AIR 1978 Delhi 1 and referred to the following passage found in paragraph 25, which reads as follows:

"25.)...If the infringing goods are made with the same object in view which is attained by the patented article then a minor variation does not mean that there is no piracy. A person is guilty of infringement if he makes what is in substance the equivalent of the patented article. Some trifling or unessential variation has to be ignored....."

16. He further referred to a division bench judgment of this court in *Wockhardt Limited Vs. Hetero Drugs Ltd. and others* reported in 2006 (32) PTC 65 (Mad.)(DB) and referred to the following passages found in paragraphs 33 and 34 which reads as follows :

"33.) In the instant case, after, strenuous scrutiny and examination of the appellant's claim, the competent authority, namely, Patent Office has granted both Process Patent and EMR in favour of the appellant. It cannot also be debated that unless they are cancelled by the authority concerned or appropriate Forum, the appellant would not be disentitled to exercise its right for a period of five years. In other words, no other party is entitled to use the said formulation during the tenure of the said EMR.

34.) Appellant is the only company in India to get an EMR. Patent and EMR rights are for a limited period of five years and, unless the same are exercised in the said period, it will be rendered useless. When this period of short tenure is sought to be disturbed over the rights by any other party, which has no prima facie right by virtue of Process Patent and EMR granted to the appellant, then, this Court has to necessarily prevent the other party, by affording appropriate relief in favour of the appellant/plaintiff, by granting the injunction sought for."

17. He lastly referred to a judgment of this court in Mariappan Vs. A.R.Safiullah and another reported in MIPR 2008 (3) 0431 for contending that the right to grant injunction need not flow only from Order 39 Rule 1 CPC., even without invoking the provisions, in an appropriate case the court can grant injunction under Section 151 CPC.

18. Per contra, Mr.A.Prabhakara Reddy, learned counsel for the respondents referred to a judgment of the Supreme Court in M/s.Bishwanath Prasad Radhey Shyam Vs. M/s.Hindustan Metal Industries reported in AIR 1982 SC 1444 and referred to the following passage found in paragraphs 17,18 and 33, which reads as follows :

"17.) The object of Patent Law is to encourage scientific research, new technology and industrial progress. Grant of exclusive privilege to own, use or sell the method or the product patented for a limited period, stimulates new inventions of commercial utility. The price of the grant of the monopoly is the disclosure of the invention at the Patent Office, which, after the expiry of the fixed period of the monopoly, passes into the public domain.

18.) The fundamental principle of Patent Law is that a patent is granted only for an invention which must be new and useful. This is to say , it must have novelty and utility. It is essential for the validity of a patent that it must be the inventor's own discovery as opposed to mere verification of what was already known before the date of the patent.

33.) It is noteworthy that the grant and sealing of the patent, or the decision rendered by the Controller in the case of opposition, does not guarantee the validity of the patent, which can be challenged before the High Court on various grounds in revocation or infringement proceedings. It is pertinent to note that this position, viz., the validity of a patent is not guaranteed by the grant, is now expressly provided in Section 13(4) of the Patents Act, 1970. In the light of this principle, Mr.Mehta's argument that there is a presumption in favour of the validity of the patent cannot be accepted."

19. He also referred to a judgment of the Delhi High Court in M/s.Standipack Pvt. Ltd. and another Vs. M/s.Oswal Trading Co. Ltd. and etc., reported in AIR 2000 Delhi 23 and referred to the following passage found in paragraph 16, which reads as follows :

"16.) When the conditions referred to in Section 64 are examined and applied to the facts and circumstances of the present case in the light of the observations made, herein-before, it is clear that the use of the pouches for packaging purposes of the nature of the one used by the plaintiff and in respect of which patent has been granted was widely prevalent. The same is also an admitted position when the plaintiff has stated that the storage of liquid products other than liquid in a pouch does not constitute a novel idea. Some of the defendants have filed applications for revocation of the patent granted in favour of the plaintiff under Section 64 of the Patents Act. There are cases where it is held that when an application is filed seeking for revocation of the patent and questioning the validity of the patent the Court should not grant an injunction. It is settled law that in an action for infringement of a patent an injunction would not be granted where the validity of the patent itself has been questioned and a revocation petition has been filed. In this connection reference may be made to a decision of the Madras High Court in V.Manicka Thevar v. M/s.Star Plough Works, AIR 1965 Mad 327 at 328, wherein it was held that if from the objections raised by the defendant it is clear that a serious controversy exists as to whether or not the invention involves any new inventive skill having regard to what was known or used prior to the date of the patent; courts would not grant an injunction restraining the defendant from pursuing his normal business activity. It was also held that an interim injunction would not be granted if the defendant disputes the validity of the grant. In M/s.Niky Tasha India Pvt. Ltd. v. M/s.Faridabad Gas Gadgets Pvt. Ltd., AIR 1985 Delhi 136 at 140 (supra) it was observed by this Court that no injunction should be granted when there is a serious question of the validity of the design to be tried in the suit and an application for cancellation has been made."

20. A reference was made to a judgment of the Court of Appeal in Windsurfing International Inc. Vs. Tabur Marine (Great Britain) Ltd. reported in (1985) R.P.C. 59 regarding the scope of novelty and the right of prior user of a design.

21. Further reference was made to a judgment of the division bench of this court in TVS Motor Company Limited Vs. Bajaj Auto Limited reported in 2009 (3) CTC 178, wherein the circumstances under which the validity of the patent can be challenged in a suit and various principles emerged were set out in paragraph 69, which reads as follows :

"69.) When we refer to the various decisions relied upon by the learned senior counsel for the respective parties the following principles emerge viz.,

(i) The validity of a patent can be challenged in a suit on various grounds of revocation as set out under Sections 64 and 107 of the Patents Act.

(ii) For the grant of interim injunction in a patent matter, the prima facie validity of the patent should be shown and also the prima facie infringement should be proved apart from the availability of balance of convenience and irreparable loss.

(iii) If the patent is a new one, mere challenge at the Bar would be quite sufficient for the refusal of an interim injunction as compared to a fairly old patent.

(iv) Even in IPR cases, apart from prima facie case, balance of convenience and irreparable injury, the mere registration of the patent alone would not be sufficient and the Court must look at the whole case i.e. the strength of the case of the plaintiff and the strength of the defendant.

(v) Irrespective of the examination and investigation made under Sections 12 and 13 of the Patents Act, no presumption can be drawn as to the validity of the patent and whether the application for revocation of patent is pending and when serious controversy exist as regards the existence of an invention based on prior art, the Court should be slow in granting the injunction.

(vi) There can be no infringement if the opponent has proved the same result by a different combination of different elements.

(vii) The general rule in regard to the construction of the validity of a patent is, that construction which makes it valid should be preferred rather than the construction which rendered it invalid.

(viii) Patent specification should intend to be read by a person skilled in the relevant art but their construction is for the Court and to do so it is necessary for the Court to be informed as to the meaning of the technical words and phrases and what was the common general knowledge i.e., the knowledge that the notional skilled man would have.

(ix) In construing an allegation of infringement, what is to be seen is whether the alleged infringement has taken the substance of the invention ignoring the fact as to omission of certain parts or addition of certain parts.

(x) While analysing a claimed invention, it is relevant to examine as to whether the invention requires independent thought, ingenuity and skill, producing in a distinctive form a more efficient result and there by converting a comparatively defective apparatus into a efficient and useful one which, taken as a whole, is novel.

(xi) Though the grant of patent by itself does not guarantee its validity, it should be given some weight and significance while considering the question of prima facie case and it is always open to the defendant to question the validity of the patent.

(xii) Though the claimed invention may consist of known factors, known integers i.e. if by combination of such known integers if a new use has been discovered that should be construed to have displayed inventive steps by way of ingenuity and skill."

In the light of the above, he sought for dismissal of the applications.

22. In the light of the above rival contentions, it has to be seen whether the applicant / plaintiff has made out any case for the grant of an injunction?

23. As rightly contended by the respondents, the claim for a valid patent can be challenged in a suit under Section 64(2) and they have also filed a cross objection in the written statement and have paid court fee for the same. Therefore, it is a matter fit for trial. Even before the trial and a final verdict to be given, it cannot be said that the applicant has made out a prima facie case for the grant of the injunction. Even the balance of convenience does not stand in their favour for the

grant of the injunction. As rightly contended by the respondents, the patent obtained by him is not out of any new invention and several manufacturers are using the similar design. After issuing the notice in the year 2010, the applicant also delayed in filing the suit. Though the delay by itself cannot defeat the right of the patentee, but the fact that he had issued the notice and got the reply as early as in April, 2010, but never chose to question the action of the respondent can be a relevant factor for declining the entire relief.

24. Under these circumstances, both applications will stand dismissed. However, there will be no order as to costs.

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