
(2013) 12 KL CK 0031
In the High Court Of Kerala
Case No : W.A. No. 1782 of 2013

Shogun Organics Ltd.

APPELLANT

Vs

Union of India and Others

RESPONDENT

Date of Decision : 03-12-2013

Acts Referred:

Citation : AIR 2014 Ker 38 : (2014) 1 ILR (Ker) 626 : (2014) 1 KHC 346 : (2014) 2 KLT 434

Hon'ble Judges : K.M. Joseph, J;A. Hariprasad, J

Bench : Division Bench

Final Decision : Dismissed

Judgement

K.M. Joseph, J.—Appellant is the petitioner in the writ petition. The writ petition is filed seeking the following prayers:

(i) Issue a writ of mandamus or any other appropriate writ, order or direction forbearing the respondent No. 2 from granting registration to the 4th respondent or any other similar applications u/s 9(4) of the Insecticides Act, 1968 for the manufacture of the chemicals "D-trans allethrin" and "Transfluthrin" employing the manufacturing process for which the petitioner has obtained valid patents under the provisions of the Patents Act, 1970.

(ii) Declare that in view of Exhibits P-1 and P-2 valid patents obtained by the petitioner in respect of the manufacturing process of the chemicals "D-trans allethrin" and "Transfluthrin", the 2nd respondent is not authorised to grant registration to 4th respondent or any other similar applicants for manufacturing the said chemicals using the same patented manufacturing process of the petitioner.

2. Briefly put, the case of the appellant is as follows:

The petitioner is a closely held Limited Company engaged in the business of manufacture of insecticides. The petitioner during the course of its business,

based on research and tests has invented several new process of manufacture. To protect its inventions from being misused, the petitioner has obtained patent of the process of manufacture of the chemical compositions "D-trans allethrin" and "Transfluthrin" for a term of 20 years. Central Insecticides Board Registration Committee (CIBRC) constituted in accordance with Section 5 of the Insecticides Act is the authority empowered to registering authority granting permission for manufacture of insecticides under the Act. As per Section 9(1) of the Act, any person desiring to import or manufacture any insecticide shall apply to the 2nd respondent for the registration of such insecticide. An application for registration for manufacture of an insecticide has to be accompanied by details showing the chemical identity, chemical composition, specifications, establishment of chemical equivalence, process of manufacture, step wise manufacture process and flow sheet diagram of process of manufacture. The petitioner has obtained registrations under the Insecticides Act from the 2nd respondent for the manufacture of the insecticide by names "D-trans allethrin" and "Transfluthrin". Section 9(4) of the Insecticides Act, enables any person to seek registration for manufacture of the insecticide which is already registered by a previous registrant which is commonly known as "me too" registration. For granting registration u/s 9(4), the applicant has to follow the same condition includes same "process of manufacture" for arriving at the same chemical composition. When the process of manufacture is patented, a registration can be legally applied by a subsequent manufacture in respect of a patented insecticide only when the patent rights holder has consented, to the use of the patented process. Without obtaining any such consent, the 4th respondent has made application to register the said two insecticide chemicals for manufacturing using the patented "process of manufacture" held by the petitioner. It is without mentioning the fact that the petitioner is the patent holder of the process of manufacture that these applications have been made to the 2nd respondent. Once registration is granted, the applicant has no other option but to adopt the same manufacturing process patented by the petitioner for manufacturing these chemicals. Though the petitioner sent detailed representations dated 27-3-2012 and 14-8-2012 to the 1st and 2nd respondents, objecting to the grant of registration, the same is ignored by the 2nd respondent. The 2nd respondent cannot grant registration u/s 9(4) thereby violating the patent right of others. Section 2 of the Insecticides Act, 1968 clearly states that the provisions of the Act shall be in addition to and not in derogation of any other law for the time being in force. Therefore processing of applications for grant of registration u/s 9(4) allowing applicants to use patented process of manufacture is arbitrary, illegal and violative of the provisions of the Act. Hence the writ petition.

3. Appellant is engaged in the business of manufacture of insecticides since 2001. During the course of its business, based on research and tests it has invented several new process of manufacture. It has developed process of manufacture of insecticide chemical "D-trans allethrin" and insecticide chemical "Transfluthrin". Appellant applied for patent under the Patent's Act, 1970. Ext.

P-1 purports to be the patent in respect of the process of manufacturing of D-Trans Allethrin for a period of 20 years from 10-5-2007. Likewise in respect of the process of manufacture of Transfluthrin, Ext P-2 patent was granted for a period of 20 years.

4. It is accordingly the appellant filed the writ petition. Counter-affidavits have been filed by the respondents 1 and 2 as also the 4th respondent. During the pendency of the writ petition, a company has been impleaded as additional 5th respondent and it would appear that an interim order has been obtained by the appellant which fettered the power of authority to grant registration. The 5th respondent also filed counter-affidavit.

5. Learned Single Judge dismissed the writ petition however, subject to the observations made therein. Learned Single Judge reasoned that the statutory authority under the Insecticides Act is not bound to consider the question relating to compliance or violation of Patents Act for the purpose of granting or refusing of registration. The two distinct statutes deals with two separate rights. The rights of the patentee will not be affected in any manner by virtue of such registration. He drew support from the judgments of Delhi High Court rendered by a learned Single Judge, which was confirmed by the Division Bench. Learned Single Judge further directed that it is left open to consider the application on merits in view of the parameters prescribed under the Insecticides Act or under the Rules or Regulations made thereunder. It is also made clear that the grant of registration u/s 9(4) to party respondents or to any other person will not in any manner infringe or hamper rights of the appellant, if any, under the provisions of the Patents Act and to injunct such violation.

6. Feeling aggrieved by the same, the appeal is lodged. We heard learned Senior Counsel for the appellant Sri K. Jayakumar appearing along with Sri K. T. Shyamkumar and Gopinatha Menon on behalf of the 5th respondent, learned counsel appearing on behalf of the respondents 1 and 2 and also the 4th respondent who adopted the arguments of learned counsel for the 5th respondent.

7. Sri Jayakumar submits that Section 48 of the Patents Act provides for valuable rights. Section 48 reads as follows:

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:

According to him, when registration is made u/s 9, it will enable the party obtaining registration u/s 9(4) to proceed to carry out manufacture ultimately. It was well within the rights of patentee under Patent's Act to bring to the notice of the authorities under the Insecticides Act the fact of appellant having obtained patent for the process of manufacture under the Patents Act and therefore, to dissuade the authority from granting registration under the Insecticides Act. He would point out that no doubt a suit was filed and an order of injunction obtained against the 4th respondent but a writ petition become necessary as more and more applicants for registration under the Insecticides Act came forward.

8. He would submit that once patent is granted under Patents Act it is not necessary for the patentee to wait for actual infringement to take place and it is open to thwart any attempt on the part of any person who violates the statutory right vouchsafed to the patentee under the Patents Act. According to him, Section 2 of the Insecticides Act specifically declares that Insecticides Act, is in addition to, and not in derogation of, any other law for the time being in force. He would therefore refer to Section 48 and submits that since under Patents Act the right was declared in favour of the patentee to prevent the use of the patented product or process of manufacture as the case may be, it is very well with the right of the patentee to bring violation of the patent involved in the grant of registration to the notice of the authority. It is bound to look into it, to consider the same and to refuse the registration once he is satisfied that there is a patent in favour of the person who had obtained registration and which is about to be violated.

9. According to him, the scheme of the Insecticides Act as contained in Section 9 is that if a person is seeking registration for the first time, the same would fall u/s 9(3). Once the insecticide is registered u/s 9(3) then any other person who seeks registration would fall to be dealt u/s 9(4). An applicant u/s 9(4) is bound to accept the process of manufacture which is followed by original applicant, which stands registered. In this regard, he drew our attention to Ext. P-8 reply to a query under Right to Information Act. It reads inter alia as follows:

This is with reference to order of the Appellate Authority issued of even number dated 8-12-2010 on the subject mentioned above. In this connection, the reply on the specific points as directed by the Appellate Authority are furnished hereunder:

Point I

As per records and based on the information in the Sectt of CIB & RC

M/s. Shogun Organics Ltd., Mumbai is the original 9(3) registrant for indigenous manufacture of D-trans allethrin technical in India.

Point II

M/s. Shogun Organics Ltd., Mumbai, is the only registrant registered u/s. 9(3) of Insecticides Act for indigenous manufacture of D-trans allethrin technical in India.

Point III

The applicant of 9(4) registrant should have the same process of manufacture as the original 9(3) registrant to make the same product with the same chemical composition as per the existing R.C. Guidelines. Therefore, it is quite clear that the term "Same conditions referred to in reply dated 15-10-2010 inter alia implies same process of Manufacture also.

10. He therefore pointed out that as far as the issue relating to whether there is any violation of the Patent Act is concerned, as far as the Officer is concerned, as even going by Ext. P-8 reply the admitted position is that the applicant u/s 9(4) is obliged to adopt the same process of manufacture as adopted by the original applicant u/s 9(3) of the Act. Therefore, in this case, party respondent or any one else who applies u/s 9(4) in respect of the process in question would have necessarily admit that they are adopting the very same process as adopted by the appellant. If that be so, he points out that when the appellant has patents in respect of process in question, the Officer, under the Insecticides Act should not refuse to consider clear infraction of Patent's Act contained in Section 48 and refuse registration. He poses the question as to when a right is declared by an Act, can the said right be defeated by the Officer acting under another enactment? According to him, therefore, the proper interpretation would be that the authority should indeed consider the objection based on the existence of the patent in favour of the appellant when an application u/s 9(4) is being considered. If the application does not fall u/s 9(4) then it is a matter which would have to be dealt with u/s 9(3), which is a different process altogether. He would submit that the decision of the Delhi High Court was rendered in the context of Drugs and Cosmetics, the decision was carried in SLP which no doubt noting subsequent developments, was dismissed as suit had been filed and injunction had been obtained.

11. Per contra, learned counsel for the 5th respondent Sri Gopinatha Menon pointed out that Section 9 does not clothe the authority with power to go into the question. He would support the order of the learned Single Judge. He would contend that untenability of the argument of the appellant can be exposed with reference to extension of the argument to a case where a patentee tells the local authority not to grant licence on the ground that it would involve violation of the patent. Equally licence under Factories Act could be opposed on the ground that it involves violation of the patent. Could such objection be considered? He would submit that application under the Insecticides Act does not contemplate the Officer going into the availability of the right under Patents Act. The right under the Patent's Act is a personal right He would also point out that in a case where action is brought u/s 108 of the Patents Act it is always open to file a counterclaim for revocation of patent. The grounds of revocation are stated in Section 64 of the Patent's Act. There is no provision under the Registration Act

for entertaining a counterclaim. He would also point out that the purport of Section 9(4) registration is to ensure that insecticides which are registered therein can be manufactured by as many number of persons possible leading ultimately to the reduction of price promoting competition enduring to the benefit of the ultimate consumer. Whether there is violation of patent can always be considered in appropriate proceedings. He does not admit that in a case that for registration u/s 9(4) the process must be the same.

12. Learned counsel for the respondents 1 and 2 would also submit that a counter-affidavit has been placed before the Court in which it is inter alia stated that questions arose and they are referred to the Ministry of Law, which has opined through Ext. R-1(b) that registering authority under the Insecticides Act need not consider questions under the Patent Act and it be confined to the consideration of question under the Insecticides Act.

13. Since the question arises u/s 9 of the Insecticides Act, we think it is necessary to extract it. Section 9 of the Insecticides Act reads as follows:

9. Registration of insecticides.--(1) Any person desiring to import or manufacture any insecticide may apply to the Registration Committee for the registration of such insecticide and there shall be separate application for each such insecticide:

Provided that any person engaged in the business of import or manufacture of any insecticide immediately before the commencement of this section shall make an application to the Registration Committee within a period of (seventeen months) from the date of such commencement for the registration of any insecticide which he has been importing or manufacturing before that date:

(Provided further that where any person referred to in the preceding proviso fails to make an application under the proviso within the period specified therein, he may make such application at any time thereafter on payment of penalty of one hundred rupees for every month or part thereof after the expiry of such period for the registration of each such insecticide.)

(2) Every application under sub-section (1) shall be made in such form and contain such particulars as may be prescribed.

(3) On receipt of any such application for the registration of an insecticide, the Committee may, after such enquiry as it deems fit and after satisfying itself that the insecticide to which the application relates conforms to the claims made by the importer or by the manufacturer, as the case may be, as regards the efficacy of the insecticide and its safety to human beings and animals, register, (on such conditions as may be specified by it) and on payment of such fee as may be prescribed, the insecticide, allot a registration number thereto and issue a certificate of registration in token thereof within a period of twelve months from the date of receipt of the application:

Provided that the Committee may, if it is unable within the said period to arrive at a decision on the basis of the materials placed before it, extend the period by a

further period not exceeding six months:

Provided further that if the Committee is of opinion that the precautions claimed by the applicant as being sufficient to ensure safety to human beings or animals are not such as can be easily observed or that notwithstanding the observance of such precautions the use of the insecticide involves serious risk to human beings or animals, it may refuse to register the insecticide.

[(3A) In the case of applications received by it prior to the 31st day of March, 1975, notwithstanding the expiry of the period specified in sub-section (3) for the disposal of such applications, it shall be lawful and shall be deemed always to have been lawful for the Registration Committee to dispose of such applications at any time after such expiry but within a period of one year from the commencement of the Insecticides (Amendment) Act, 1977:

Provided that nothing contained in this sub-section shall be deemed to make any contravention before the commencement of the Insecticides (Amendment) Act, 1977, of a condition of a certificate of registration granted before such commencement, an offence punishable under this Act.

(3B) Where the Registration Committee is of opinion that the insecticide is being introduced for the first time in India, it may, pending any enquiry, register it provisionally for a period of two years on such conditions as may be specified by it.

(3C) The Registration Committee may, having regard to the efficacy of the insecticide and its safety to human beings and animals, vary the conditions subject to which a certificate of registration has been granted and may for that purpose require the certificate holder by notice in writing to deliver up the certificate to it within such a time as may be specified in this notice.]

(4) Notwithstanding anything contained in this section, where an insecticide has been registered on the application of any person, any other person desiring to import or manufacture the insecticide or engaged in the business of, import or manufacture thereof shall on application and on payment of prescribed fee be allotted a registration number and granted a certificate of registration in respect thereof on the same conditions on which the insecticide was originally registered.

14. Section 9(3) as we have seen specifically provides for the manner in which application for registration is to be considered. It provides that after satisfying itself that the insecticide to which the application relates conforms to the claim made by the importer or the manufacturer as regards the efficacy of the insecticide and its safety to human beings and animals grant registration (subject to conditions as may be specified by it). It is necessary to refer to the application for registration provided under the Rules. Applications will have to be made in Form VI. In the application inter alia the name of the applicant, place of manufacture, the common name and trade name of Insecticide, the name of supplier, whether the insecticide is registered in the country of manufacture from

which supply are expected to be made, whether the insecticide is made for domestic consumption or export to abroad, the chemical composition, stability in storage, shelf life claim, the toxicity of the products to wildlife, aquatic animals are among the things to be adverted to by the applicant. They further refer to the plants and weeds against which they are intended to be used, instructions for storage, manner of packing, proposed label and leaflets. Whether the insecticide is meant for domestic purpose or export are also matters to be referred to.

15. On a perusal of Section 9(3) and the Form we find conspicuous by the absence is reference to Patent's Act or any other consideration relevant to the Patents Act. Being the creature of the statute, anyone who acts under the statute must act in accordance with the statute. If the manner of acting is provided therein then he must act in accordance with the procedure. If he were to overshoot the limits placed on him it would be a case where he acts illegally or ultra vires his powers. Should we accept the argument of the appellant, we would clothe the authority u/s 9(3) with the power to examine matters under the Patents Act the questions which are germane under the Patents Act.

16. Passing on to Section 9(4), we notice that it begins with a non obstante clause. Therefore once there is registration under the Act, any other person who desires to import or manufacture the insecticide shall on application and on payment of the prescribed fee be allotted a registration number and granted a certificate of registration in respect thereof on the same conditions on which the insecticide was originally registered.

17. We must firstly consider what is the object of these provisions. Apparently Section 9(4) does away with the need for separate consideration of such application. The object of the Act in this section would appear to be to promote competition and encourage production of insecticides so as to make them available at reasonable rates to the ultimate consumers. No doubt, going by Ext. P-8, an applicant u/s 9(4) must adopt the same process. But we will proceed on the basis that respondents are persons who are seeking to get themselves registered under the same process of manufacture and therefore no enquiry as such is needed to find violation. But herein there are two considerations which we cannot ignore. Though an applicant u/s 9(4) may come forward for registering the same process he may have a case that patent obtained is liable to be revoked. Can the authority go into the question of revocation? Quite clearly the answer is, No. There is no authority with the registering authority to consider the question of revocation of the patent. Still further, sub-section (4) of Section 9 does not speak about any other law whether it would be the Patents Act or even the Trade Mark Act. No doubt learned Senior Counsel for the appellant would point out that u/s 10 of the Insecticides Act, an appeal is contemplated against the order of grant of registration u/s 9(3) or 9(4) and therefore, the use of the word "shall" does not mean that registering is automatic u/s 9(4).

18. In an individual case where a registration is denied, certainly Section 10 provides for a right of appeal. But what is relevant for the purpose of our enquiry

is whether Section 9 of the Insecticides Act contemplates advertence to elements which are relevant for the enquiry in a proceeding under the Patent Act. The Registering authority, in our view, under the Insecticides Act is not obliged to consider the question relating to patent being violated, and whether patent is liable to be revoked. Once it is found that such matters are outside the province of the authority considering an application for registration u/s 9(3) or 9(4) necessarily the appellant must fail.

19. Equally untenable according to us is the contention based on Section 156. Section 156 of the Patents Act reads as follows:

156. Patent to bind Government.--Subject to the other provisions contained in this Act, a patent shall have to all intents the like effects as against Government as it has against any person.

20. According to learned senior counsel for the appellant, in view of Section 156 the Government and therefore its officers and instrumentalities are bound to respect the patent granted under Patents Act. The authority u/s 9 of the Insecticides Act is also an arm of the Government and he cannot refuse to protect the patent as it is bound by the patent. We are of the view that the purport of Section 156 may not be as contended by the learned Senior Counsel for the appellant. Section 156 is intended to make it clear that though the Government undoubtedly is the grantor of the patent, if there is violation by the Government it is open to the patentee to take proceedings against the Government. At any rate we would think that in view of the wording in Section 9, there can be no scope for importing any considerations relevant under the Patents Act and for protection of rights under the Patents Act.

21. We also do not find any merit in the reference to the word "misbranded" in the Insecticides Act. We find that after obtaining registration under the Act, the manufacturer is obliged to take out licence u/s 13. No doubt Section 17 prohibits import or manufacture of any misbranded insecticides inter alia. Section 2(k) defines "misbranded" and it states that an insecticide shall be deemed to be misbranded inter alia if the label contains any misleading representation in any material particular, or if it is an imitation of, or is sold under the name of another insecticide. But as we have already seen, Section 9(3) only directs the consideration of two aspects, namely, whether the insecticide conforms to the claim made by the importer or manufacturer as the case may be as regards the efficacy of the insecticide and safety to human beings and animals. We would think that it would be hazardous to grant the authority with a power to go into the aspects relating to violation of patent in view of the wording used in both Sections 9(3) and 9(4).

22. We also bear in mind that this is a case where the appellant has obtained patent under 9(3) registration only in respect of D-Trans allethrin and 9(4) registration in respect of Transfluthrin. The up shot of the above discussion is that the judgment of the learned Single Judge does not call for any interference.

The appeal is dismissed. We confirm the judgment. No order as to costs.