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Moot Problem  
IP Markets Moot Court Competition 2015

**M/s. WILLY BILLY INC**

**V.**

**M/s. PRUDENT INDUSTRIES AND ANOTHER**

M/s. WILLY BILLY INC., (hereinafter referred to as WB Inc.) is a manufacturer of a machinery called as separator; mainly used in drug manufacturing industries and milk chilling plants. The machinery is used to separate contaminants from raw materials for drug manufacturing and raw milk products and such raw material may be in free flowing liquid form or even solid forms.

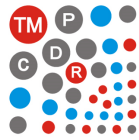
M/s. W.B. INC., has its factory located in New Zealand and has a fully owned subsidiary WILLY BILLY India Limited, (hereinafter referred to as WBIL) in Hyderabad, India. W.B. INC., has been granted a patent in the year 2007 being Patent No. 422231 in India for the Separator and in various countries being New Zealand, UK, USA, Russia, Japan and China. One of the relevant claims in the patent is as below:-

*"A separator apparatus for the separation of contaminants from solid and liquid food and drug products comprising of:*

*a plastic stand holding a glass funnel possessing a first and second ends; a mesh dish placed at the mouth of the said funnel along with a strainer dish placed at the top of the funnel near its said first end and a collection vessel situated further at the bottom of the funnel shank carrying the inbuilt fluid regulator near the said second end within the plastic stand.."*

W.B. Inc sells these separators under a brand "ZEEKO" which is registered trademark in India USA, EUROPE, CHINA, RUSSIA, JAPAN and New Zealand. W.B. INC., through WBIL has sold few such separators to some of the milk chilling plants and drug manufacturers in India and across the world. The product was found to be very effective and the users never had any complaints with regard to the functionality and results from the product.

M/s. Prudent Industries (hereinafter referred to as PI) established in the year 1920, located in Balanagar, Hyderabad, India is a manufacturer of various machineries for milk chilling plants and drug manufacturers and is one of the many industries which manufactures cheap separators in the country. Owing to the huge demand for the separators, which was nearly about 20 lakh units and the failure of W.B. INC to meet the growing demand due to the import restrictions since their manufacturing unit is in New Zealand; PI approached W.B. INC., for technical assistance and license manufacturing of their patented separator "ZEEKO" in India on 20<sup>th</sup> January, 2008. However, WB Inc. declined to grant the licence of manufacture for



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reasons best known to them. As per the records available, WB Inc. had supplied only 2 lakh units against the huge demand in India at the rate of \$ 40,000 a piece (approximately Rs.24 Lakhs per unit). PI was on other hand manufacturing the same piece at Rs. 10, 00,000/- each.

In the second week of May 2013, a technical team of WBIL visited TUNTUN Butter Products, (hereinafter referred to as TTBP) in Mumbai to erect a new separator. In the process of inspection of the place inside the factory, the WBIL team was shocked to see that two existing separators already working at TTBP were exact copies of their product **ZEEKO** and were further surprised to note that the infringing product was named as "**ZICO**" which was deceptively and phonetically similar to "**ZEEKO**". The technical team found out that the infringing separators were supplied to TTBP by PI.

Armed with the first hand information of infringement by PI, WBIL appointed an industrial investigator Mr.Chintamani to investigate and find out the following:

- A. Whether the two infringing products erected in TTBL was manufactured by PI
- B. The number of pieces supplied by PI across the country
- C. List of the customers of PI who bought such infringing material. .

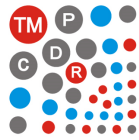
Mr.Chintamani in the process of investigation visited the premises of PI as a prospective customer and recorded all the conversations with the marketing and technical teams. During the investigation it was clearly established that PI was infringing the patent and trademark of WB Inc. A detailed report along with transcripts of conversation, secretly taken photographs as well as interviews with some of the employees of PI was submitted by the Investigator to WB Inc., and the same was supported with an Affidavit under oath.

Immediately thereafter, a Cease and Desist notice was issued by WB Inc. to PI for infringing the Patent of WB Inc and also to TTBL as a co-infringer since it was using the infringed product. On receipt of the said Cease and Desist notice, PI along with TTBL moved a Groundless Threat Proceeding under Section 106 of the Patent Act., before the High Court of Mumbai. After hearing the parties the High Court directed WB Inc. ., not to issue any further groundless threats and also directed them to issue one week notice prior to filing of any proposed infringement suit of patent of WB Inc.,

PI also approached the Intellectual Property Appellate Board (IPAB) at Chennai and filed a Revocation proceeding seeking revocation of the Patent No.422231 granted to WB Inc., under Section 64 of Indian Patent Act, 1970 on all the grounds available under that provision. PI also approached Controller of Patent under Section 84 of the Patent Act, 1970 seeking grant of compulsory license of the Patent No.422231 on the following grounds:

- a) That the reasonable requirements of the public with respect to the patented product have not been satisfied being for 20 Lakh requirement only 2 lakhs are supplied.
- b) That the patented product is not available to the public at a reasonable affordable price thereby limiting the access to the quality drugs and milk product to general public effecting their health.
- c) That the patented invention is not worked in the territory of India since the product is exclusively imported from New Zealand.

Even before the receipt of the Revocation and Compulsory license documents by WB Inc., WB Inc. in respectful compliance of the orders of High Court of Mumbai gave a notice dated 25<sup>th</sup> September 2014



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notifying PI and TTBP of the filing of Infringement suit along with WBIL. On 3<sup>rd</sup> Oct, 2014 a Suit bearing no. 007/2014 under 108 and 109 of the Indian Patent Act, 1970, Section 134 of Trademark Act, 1999 read with order XXXIX Rule 1 and 2 and Section 151 of Code of Civil Procedure, 1908 was filed against PI before the Jurisdictional Court of the Ranga Reddy District Court. In response to the suit, PI through their Counsel

filed a Counter Claim seeking invalidation of the patent and also filed an application seeking transfer of the suit to High Court at Hyderabad under Section 104 of Patent Act, 1970.

The suit OS 0007/2014 was accordingly transferred to Honourable the Hyderabad High Court and posted for hearing on 22<sup>nd</sup> Feb 2015.

The tentative issues identified for the purpose of arguments before the High Court:

- 1) Whether the suit filed by WB Inc. against PI under the Patents Act and the Trademarks Act is maintainable
- 2) Whether the act of PI in manufacturing and selling separators similar to the patented separators of WB Inc. amounts to infringement of the patent rights of WB Inc.
- 3) Whether the use of the mark ZICO by PI on its separators is deceptively similar to the registered mark of WB Inc. i.e., ZEEKO used in respect of its separators.
- 4) Whether the order passed by the Bombay High Court had in restraining WB Inc. from issuing groundless threats is justified.
- 5) Whether the counter claim filed before the High Court Revocation of patent proceedings before the IPAB are maintainable; and
- 6) Whether the claim of PI for compulsory licensing from WB Inc. is justified; and whether the Controller of Patents is justified in hearing and deciding such a claim when the High Court is seized of the infringement and counter claim issues and IPAB is seized with revocation issues.

Argue on both sides before the High Court of Hyderabad