

**CASE LAW FOR ANALYSIS: BAJAJ AUTO LTD. VS. T.V.S. MOTOR COMPANY LTD.****AUTHOR** – VRITI SINGHVEE; STUDENT AT SCHOOL OF LAW, CHRIST (DEEMED TO BE UNIVERSITY)**BEST CITATION** – VRITI SINGHVEE, CASE LAW FOR ANALYSIS: BAJAJ AUTO LTD. VS. T.V.S. MOTOR COMPANY LTD, INDIAN JOURNAL OF LEGAL REVIEW (IJLR), 4 (1) OF 2024, PG. 506-509, APIS – 3920 – 0001 & ISSN – 2583-2344

Citation of the case: JT 2009 (12) SC 103

Bench of the case: Justice B.N. Agarwal &amp; Justice P.P. Naolekar.

Jurisdiction: Supreme Court

Subject matter: Patent infringement.

**Introduction to the subject matter**

In the world of inventions, patents grant inventors exclusive rights over their creations for a limited time. This incentivizes innovation and ensures inventors reap the rewards of their hard work. However, there's a flip side. When a competitor uses a patented invention without permission, it's called patent infringement. This not only harms the inventor but also stifles progress.

A real-world example highlights this. In a high-profile Indian case, Bajaj Auto Ltd. sued TVS Motors Ltd., alleging their TVS Flame motorcycle infringed upon Bajaj's patent for the DTSi engine technology. Bajaj claimed TVS's CCVTi technology was essentially a copy of their DTSi, even though it included an additional valve. This case hinged on whether TVS's invention captured the essence of Bajaj's patented idea, a concept known as the "doctrine of equivalents."

This case illustrates the complexities of patent infringement. It's not just about identical copies; it's about unauthorized use of the core inventive concept. Understanding patent infringement is crucial for fostering a healthy innovation ecosystem where inventors are protected and competition thrives on genuine advancements.

**Facts of the case:**

The year 2007 witnessed a clash between two Indian automotive giants – Bajaj Auto and TVS Motors – over intellectual property rights. This case centered around Bajaj's patented Digital Twin Spark Ignition (DTSi) technology and its alleged use in TVS's upcoming 125cc FLAME motorcycle.

Bajaj initiated the legal battle by filing a suit in the Chennai High Court. They accused TVS of infringing upon their patent for the DTSi technology, which had been instrumental in the success of Bajaj's Pulsar motorcycles. Bajaj

sought a permanent injunction, a legal order preventing TVS from using the technology in their FLAME motorcycle. Additionally, they claimed damages for any infringement that might have already occurred. Recognizing the potential harm during the lawsuit, Bajaj also requested a temporary injunction to restrain TVS from manufacturing, marketing, or selling the FLAME until the final verdict. Not taking the allegations lightly, TVS filed a countersuit against Bajaj. They argued that Bajaj's accusations were baseless and aimed at harassing them. TVS employed Section 106 of the Patents Act to file this counter-suit, which allows companies to challenge unfounded threats of patent infringement.

The Chennai High Court initially sided with Bajaj to a certain extent. They granted a limited temporary injunction on TVS, allowing them to fulfill existing orders for the FLAME but prohibiting them from taking new ones. This

meant TVS could not further expand production or sales of the motorcycle while the case was ongoing.

Dissatisfied with the limited restriction, TVS appealed the injunction. A higher court within the Madras High Court reviewed the case and ultimately overturned the initial injunction. This meant TVS regained the freedom to manufacture and sell the FLAME motorcycle without any restrictions during the ongoing legal battle.

Unhappy with the High Court's reversal, Bajaj took the next step and appealed to the Supreme Court of India. This final appeal aimed to reinstate the temporary injunction and prevent TVS from using the allegedly infringing technology in the FLAME motorcycle. The Supreme Court's decision would determine the fate of the DTSi technology and potentially impact the market launch of the TVS FLAME.

#### **Issues and relevant laws of the case:**

##### **Issues:**

Whether T. V. S. infringed the patent of Bajaj Ltd.?

Whether improvements made on patented technology can be used without infringing the original patent?

##### **Relevant laws:**

The Indian Patents Act (1970) offers safeguards for companies facing accusations of patent infringement. Section 106 empowers courts to grant relief if a party is being threatened with infringement lawsuits on shaky grounds. This section clarifies that simply knowing about a patent's existence doesn't constitute a threat.

On the other hand, Section 108 equips plaintiffs in genuine infringement cases with the ability to seek legal remedies. This section is frequently used to obtain temporary relief, such as injunctions, while the full lawsuit progresses. This temporary relief can prevent the alleged infringer from continuing their actions until the court reaches a final decision.

#### **Analysis of the case**

Bajaj, the patent holder for DTSi, initiated legal proceedings in the Chennai High Court. They claimed that TVS's FLAME motorcycle technology infringed upon their patent. The DTSi technology, a key feature of Bajaj's Pulsar motorcycles, aimed to improve fuel efficiency and engine performance. Bajaj sought a **permanent injunction**, a legal order restraining TVS from using the technology in the FLAME. Additionally, they claimed **damages** for any potential infringement that might have already occurred. Recognizing the potential harm during the lawsuit, Bajaj also requested a **temporary injunction** to restrain TVS from manufacturing, marketing, or selling the FLAME until the final verdict.

TVS vehemently denied the accusations. They filed a counter-suit against Bajaj under Section 106 of the Patents Act, 1970. This section allows companies to challenge unfounded threats of patent infringement. TVS argued that Bajaj's accusations were baseless and aimed at stifling competition by delaying the launch of their FLAME motorcycle. They further contended that the technology used in their FLAME was not a copy of Bajaj's DTSi.

The central legal question revolved around patent infringement. Did TVS's technology fall within the scope of Bajaj's DTSi patent? Here, two crucial legal concepts came into play:

- a) **Prior Art:** Was the technology used by TVS already known or publicly available before Bajaj filed their patent application? If so, it could be considered "prior art," potentially invalidating Bajaj's patent. TVS, for instance, argued that a similar technology existed in a US Honda patent, making Bajaj's invention non-novel.
- b) **Inventive Step:** Even if the concept wasn't entirely new, did Bajaj's DTSi technology involve a significant inventive step that wasn't obvious to someone skilled in the art? Bajaj asserted that their technology

represented a substantial improvement over existing methods, justifying patent protection.

The case became bogged down in the Madras High Court. Despite being filed in 2007, a written statement from TVS hadn't even been submitted by the time it reached the Supreme Court. This prompted the Supreme Court to express their displeasure at the sluggish progress. They cited a previous case, *M/s Shree Vardhman Rice and Gen Mills v. M/s Amar Singh Chawalwala* (2009), emphasizing the need for swift resolution in intellectual property disputes.

The Supreme Court, concerned with the prolonged legal battle, chose not to delve into the specifics of the case – the merits of Bajaj's claims or the validity of TVS's arguments. Instead, they focused on ensuring a speedy resolution. Their directives aimed to streamline the legal process:

1. **TVS to File Written Statement:** The court ordered TVS to submit a written statement outlining their defense as soon as possible. This would expedite the process by formally presenting their arguments.
2. **Madras High Court to Conduct Daily Hearings:** The Supreme Court mandated the Madras High Court to conduct daily hearings until a final decision was reached. This eliminated the possibility of adjournments that could further delay the case.
3. **Deadline for Resolution:** A strict deadline of November 30th, 2009, was set for the Madras High Court to dispose of the case. This timeline aimed to prevent the dispute from lingering for years.
4. **Appointment of a Receiver:** To monitor TVS's sales during the ongoing lawsuit, the court directed the appointment of a receiver. This individual would track and record the motorcycle's sales proceeds, potentially providing crucial information for the case.

5. **Dismissal of Bajaj's Appeal:** With these clear directives issued, the Supreme Court opted to dismiss Bajaj's appeal. This decision focused on expediting the resolution in the lower court rather than addressing the merits of the initial appeal.

#### **Conclusion of the case:**

The Madras High Court awarded patent rights to Bajaj Auto Ltd. based on their five years of demonstrably using the technology in question. The court further clarified the concept of "pith and marrow" of an invention in paragraph 54. This concept refers to the core inventive element that grants patentability. The court emphasized a practical approach, stating that minor variations wouldn't necessarily fall outside the patent's scope if they don't significantly impact the invention's functionality.

Though not explicitly stated, this case might have broadened the legal understanding of IP infringement across trademarks, patents, and copyrights. More importantly, the Supreme Court recognized the critical need for swift resolution in IP disputes due to their high significance. Consequently, they established stricter guidelines for lower courts such as daily hearings for IP matters, resolution within 2-3 months and adjournments only for exceptional circumstances beyond party control.

These guidelines, if strictly implemented across all courts, could significantly improve the efficiency of the Indian legal system in handling IP disputes. Faster resolutions would benefit both plaintiffs and defendants, reduce judicial backlogs, and potentially strengthen India's IP environment, making it more attractive for innovation and foreign investment. Overall, this judgment is a positive step towards a more robust and efficient system for protecting intellectual property rights.

#### **Contribution to the legal framework**

The Bajaj Auto vs. TVS Motors case (2007) left a noteworthy mark on India's intellectual property



(IP) legal framework. While the specifics of the patent infringement claims remain unclear, the case's significance lies in its emphasis on swift resolution of IP disputes.

The Supreme Court's intervention highlighted the critical need for faster decisions in IP cases, recognizing their importance for fostering innovation. They addressed the issue of delays by setting stricter guidelines for lower courts, mandating daily hearings and strict timeframes for resolutions. This focus on efficiency aimed to streamline the legal process and reduce judicial backlogs.

Beyond this procedural aspect, the case might have broadened the scope of how infringement is interpreted in India. Though details are limited, the court's emphasis on a practical approach to the "pith and marrow" concept in patent law suggests a potential shift towards a more nuanced understanding of what constitutes infringement. Minor variations that don't materially affect the core invention's functionality might be viewed less stringently.

In conclusion, the Bajaj Auto vs. TVS Motors case, though not explicitly outlining a new legal principle on infringement, is significant for its contribution to India's IP legal framework. By prioritizing swift resolution and potentially influencing a more practical approach to infringement, this case paves the way for a more robust and efficient system for protecting intellectual property rights in India.

#### **References:**

1. Bajaj Auto Ltd. vs. T.V.S. Motor Company Ltd. (2009) 10 SCC 257
2. M/s Shree Vardhman Rice and Gen Mills v. M/s Amar Singh Chawalwala (2009) 10 SCC 257 (Cited by the Supreme Court regarding speedy resolution in IP disputes)
3. Bishwanth Prasad Radhey Shyam v. H. M. Industries AIR 1982 SC 1444 (referenced by TVS Motors regarding the novelty of the invention)