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IN THE HIGH COURT OF DELHI AT NEW DELHI

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FAO(OS) 206/2009, FAO(OS) 207/2009 & FAO(OS) 211/2009

Reserved on : May 22, 2009

Date of decision : August 07, 2009

1. FAO (OS) 206/2009 & CM No. 7554-7555/2009

Mr. M. Sivasamy ...Appellant.

Through: Mr. Chinmoy Pradip Sharma, Advocate

VERSUS

M/s. Vestergaard Frandsen A/S & Ors. Respondents

Through: Mr. Sudhir Chandra, Sr. Advocate with
Ms. Swathi Sukuman and Ms. Tusha
Malhotra, Advocates for R-1 and R-3.

2. FAO (OS) 207/2009 & CM Nos. 7557-7559/2009

M/s. Best Net Europe Ltd. & Ors. Appellants.

Through: Mr. S.K.Dholakia, Sr. Advocate with Mr.
Vivek Singh, Advocate.

VERSUS

M/s. Vestergaard Frandsen A/S & Ors. Respondents

Through: Mr. Sudhir Chandra, Sr. Advocate with
Ms. Swathi Sukuman and Ms. Tusha
Malhotra, Advocates for R-1 and R-3.

3. FAO (OS) 211/2009 & CM Nos. 7594-7597/2009

Alok Masterbatches Ltd Appellant
Through: Harish Malhotra, Sr. Advocate with Ms.
Shiva Lakshmi Singh, Advocate.

VERSUS

M/s Vestegaard Frandsen A/S and others. Respondents.
Through: Mr. Sudhir Chandra, Sr. Advocate with
Ms. Swathi Sukuman and Ms. Tusha
Malhotra, Advocates for R-1 and R-3

CORAM:

HON'BLE MR. JUSTICE MUKUL MUDGAL

HON'BLE MR. JUSTICE VALMIKI J.MEHTA

1. Whether the Reporters of local papers may be allowed to see
the judgment? yes
2. To be referred to the Reporter or not? yes
3. Whether the judgment should be reported in the Digest? yes

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JUDGMENT

VALMIKI J.MEHTA, J.

1. By this common order the connected appeals FAO(OS)
No.205/2009, FAO(OS) No.206/2009 and FAO(OS) No.211/2009 are being

decided. Since the facts of all the appeals are common, being referable to the suit CS(OS) 599/07 pending in the original side of this court, for the purpose of convenience, reference is being made to facts and parties appearing in the appeal FAO (S) No.207/2009.

2. The issue which requires to be addressed in these appeals is : where two parties are claiming exclusive ownership rights in a product and its confidential/proprietary information along with related copyright material, then in such a case whether one party is entitled to seek production of documents with respect to the product of the other party under the provisions of Order 11 Rules 12 and 14 of the Code of Civil Procedure (CPC), 1908. The related issue is if the production of the documents is to be allowed, then, what precautions are to be observed to protect the rights of the party against whom production of documents is ordered. The learned Single Judge by the impugned order has allowed the applications of the plaintiffs and directed the defendants to 'discover' in a sealed cover the documents as stated in the order by a direction for 'production' of said documents.

3. The respective cases of the parties are as follows:

The plaintiffs (respondents No. 1 to 3 before this Court) claim to be exclusive owners of the trade secrets and confidential information alongwith copyright in the data base, recepies and the other test data which result in a product "FENCE", which is an insecticidal netting (disease control textiles)

used in agriculture to surround livestock or crops. The plaintiffs contend that the mosquito nets are made from polyester and polyethylene and that the production of yarn and manufacture involves a two step process in which masterbatch recepies are first formed and later mixed with pre-determined number of pure PE pallets and extrusion process of such mixture, through a nozzle of appropriate size, to produce yarn. The plaintiffs claim to have developed this product 'FENCE' in September, 2001 and first sale of the product was claimed in mid 2003. The plaintiffs also claim to have developed two other products ZEROFLY (developed in 1996 and sold for the first time in 2001) and PE BED NET (developed in 2001, presently not in sale). The plaintiffs state that the defendant Nos. 4 and 5(appellants No. 4 and 2 before this Court) were the employees of plaintiff No.1 (respondent No.1) being the Sales Manager and Chief of Production of the plaintiff No.1. The plaintiffs further state that these employees left the employment of the plaintiff No.1 and incorporated in Denmark a company M/s Intection A/S (Danish Intection) which has now been declared bankrupt on 30.01.2006. The plaintiffs further state that the said defendants No.4 and 5 illegally took away the confidential information and trade secrets, proprietary data, etc of the plaintiffs with respect to its products including the product 'FENCE' and formed Danish Intection. Since the suits were filed against this company in Denmark, the plaintiffs state that the defendants No.4 to 6 shifted operations to Great Britain and the companies defendants No.7 to 10 (Appellants No.5,1,6 and 7) were formed to

further the purpose of Danish Intection and the defendants No.4 and 5. A company was also incorporated in France and which company is defendant No.11(Appellant No.7) and suits were also filed inter alia against this company in France. The plaintiffs claim that defendants No.1 to 3 in India are now carrying out the operations of manufacture and sale of the disputed products in league with the other defendants. The plaintiffs further state that the Local Commissioners were appointed by the Learned Single Judge and cooperation was denied to these Local Commissioners. It is also stated that in the proceedings in U.K., the defendants No.5 and 6 were made to disclose the data of developing and testing of the products through documents and which was however subject to a confidentiality agreement, so that only the plaintiff's Danish lawyer, one expert and one plaintiff's English lawyer were allowed to see such documents, however, the plaintiffs are not permitted to access such documents which are relevant for the purposes of the suit before the Learned Single Judge. The plaintiffs have further placed reliance on the orders of the English Court directing disclosure of various classes of documents.

4. On the other hand, the case of the defendants is that defendant No.6 (Appellant No.3) is the inventor of this product and he is a scientist. It is stated that he was only working as a Consultant and an independent contractor giving consultation to the plaintiffs. The product of the plaintiffs as also of the defendants has been developed on the advice of Ciba which is a leading

producer of additives which are to be added to PE products to protect them from degradation by ultraviolet light. Being an independent contractor, the defendant No.6 claims that the plaintiffs are not the owners of the proprietary/confidentiality information with respect to the product in question and it is claimed that the plaintiffs' claim that they first came upon knowledge or that it was their trade secret is false, misleading and untrue. It is stated that the product Fence of the plaintiff and Netprotect of the defendants were different and that the defendant No.6 using Ciba's recommendation took a different route to develop 'NETPROTECT' (product of the defendants) which was done in 18 months and that there has been no copy of the confidential information of the plaintiffs. All the defendants have basically taken up a common stand that there is no misappropriation of the plaintiffs' confidential information nor any attempt to base the product of the defendants on the plaintiff's product or that the two products are the same. Reference to the defendants hereafter will mean reference to the relevant defendant/defendants.

5. We may state that before the Learned Single Judge, and as reflected from the impugned order, reference has been made by the parties to proceedings between the parties in Courts of U.K., Denmark and France and help sought from such proceedings for the disposal of the subject application. However, according to us, with respect to the litigation in India, the Courts in this country would be guided by the provisions of the Laws as applicable in this country and

the pleadings in the suit in this court and not by any orders or decisions of the foreign court, unless, the decision of the foreign Court becomes final and so that it can operate as *res judicata* between the parties and operate in the parameters of Section 13 and Section 44-A of the Code of Civil Procedure, 1908. No useful purpose will be served in making reference to various orders of the Courts in the different countries as one does not know what are the ingredients/requirements of causes of action of the different laws of those countries and what were the pleadings of the cases in the foreign courts. In fact, we do feel that none of the parties can contend or plead on the basis of orders of the Courts in foreign jurisdiction (particularly interim orders) as there is no finality(including by disposal of appeals) with respect to findings in such orders/judgments, especially in regard to whether the plaintiffs or the concerned defendants are the owners of the product or whether the products are same or different and so on. The orders/judgements in such proceedings having not achieved finality, according to us are not relevant and cannot be relied upon by either of the parties, particularly so where some orders (or portion thereof) are said to be in favour of one party and some in favour of the other. For example, the defendants state that no interim injunction order has been passed in favour of the plaintiffs in the Courts in U.K. or France and similarly the plaintiffs claim that orders of the discovery and production have been passed in their favour in the said Courts. Similarly reference is made to different portions of the judgment/order dated 3.4.2009 of the High Court of Justice, Chancery

Division, each portion holding one or the other aspect in favour of one or the other party. Some such references are to paras 49, 660, 672, and 673 and the same are reproduced below :

“49: On 30 March 2007 VF commenced proceedings in the Delhi High Court against all the present Defendants, IIC, Dr Skovmand, Mr M. Sivasamy trading as Siva Enterprises/Sivalakshmi Plastics (Bestnet’s net manufacturer), Alok Masterbatches Ltd (Bestnet’s masterbatch producer, which appears also to trade as Alok Industries, “Alok”) and Biotech International. On 2 April 2007 VF obtained a search and seizure order against the three Indian defendants. VF claim that Mr Sivasamy and Alok failed to comply with this order and have commenced proceedings for contempt of court against them. On 15 May 2007 VF obtained an interim injunction against all the defendants in the Indian proceedings. VF claim that the Defendants have breached the injunction and have commenced proceedings for contempt of court against them as well. The Indian defendants have applied to discharge the injunction and that application is pending, although VF have settled with Biotech International.”

660: Conclusion. All of these factors point more or less strongly towards the conclusion that the information contained in the Fence database, and in particular the recipes contained in that database, constituted VF’s trade secrets.

672: Accordingly, at this stage I will merely observe that it is not obvious to me that an injunction is an appropriate remedy or, if it is, that it should extend to preventing the manufacture and sale of the Defendants’ current product. Although I have concluded that Dr Skovmand misused VF’s trade secrets, he did not simply copy any particular recipes. Moreover, the misuse of VF’s trade secrets I have found was merely the starting point for a substantial program of further development which resulted in a formulation which is different from any of VF’s recipes in a number of respects, and in particular (i) the polymer composition (at least in the case of the sample submitted for WHOPES II evaluation), (ii) the inclusion of [**Additive L**] and (iii) the inclusion of [**Additive M**]. In addition, a substantial period of time has elapsed since then.

673: I conclude that the Defendants are liable for breach of confidence, but that the question of what remedies VF are entitled to should be the subject of further argument.”

Nothing further therefore needs to be said on this aspect as the same cannot be said to be final one way or the other and the litigation is continuing.

6. Let us now refer to provisions of Order 11 Rules 12 to 14 of the CPC which read as under:

“12. Application for discovery of documents

Any party may, without filing any affidavit, apply to the Court for an order directing any other party to any suit to make discovery on oath of the documents which are or have been in his possession or power, relating to any matter in question therein. On the hearing of such application the Court may either refuse or adjourn the same, if satisfied that such discovery is not necessary, or not necessary at that stage of the suit, or make such order, either generally or limited to certain classes of documents, as may, in its discretion be thought fit:

Provides that discovery shall not be ordered when and so far as the Court shall be of opinion that it is not necessary either for disposing fairly of the suit or for saving costs.

13. Affidavit of documents

The affidavit to be made by a party against whom such order as is mentioned in the last preceding rule has been made, shall specify which (if any) of the documents therein mentioned he objects to produce, and it shall be in Form No.5 in Appendix C, with such variations as circumstances may require.

14. Production of documents

It shall be lawful for the Court, at any time during the pendency of any suit, to order the production by any party thereto, upon oath of such of the documents in his possession or power, relating to any matter in question in such suit, as the Court shall think right; and the Court may deal with such documents, when produced, in such manner as shall appear just”

7. A reference to the aforesaid provisions show that the first step is the discovery of documents and after discovery of documents there is a second step, and this is again a material step, which is of production of documents. However, the two steps are necessarily distinct and separate in as much as ordinarily there is no production till the affidavit is filed in the Court discovering

the documents in the appropriate form as prescribed in the CPC. Of course, when the particulars of documents are known, a party can straightaway invoke Order 11 Rule 14 because the particular documents are known to be in the power and possession of the opposite party. A reading of the aforesaid provisions of Order 11 Rules 12 and 14 bring out certain salient features as under:

- (i) The documents sought to be discovered and produced have to be relevant to the matter in controversy viz matters in question.
- (ii) The documents have to be in the possession and power of the person against whom discovery and production is sought.
- (iii) Discovery and production of the documents which are sought for are necessary at that stage of the suit;
- (iv) The discovery and production is necessary for fairly disposing of the suit or for saving costs.
- (v) The discovery and production may be general or limited to certain classes of documents as the Court in its discretion deems fit and the production will only be ordered if the Court considers it just.

8. The decision of the Supreme Court, and the leading one with respect to these provisions, is the judgment in ***M.L.Sethi Vs. R.P.Kapoor, AIR 1972 SC 2379***. Two other judgments on the issue are also referred to by the

Learned Single Judge namely *Sasanandgouda Vs. Amarkhed*, AIR 1992 SC 1163 and *Rajesh Bhatia Vs. G.Parimala*, 2006 (3) ALD 415 in his judgment and we propose to reproduce such portions of the judgment of the Learned Single Judge which reproduces relevant paras of those judgments. These portions are :-

“30. In *M.L. Sethis’s case (Supra)* the Supreme Court held that:

“Generally speaking, a party is entitled to inspection of all documents which do not themselves constitute exclusively the other party’s evidence of his case or title. If a party wants inspection of documents in the possession of the opposition party, he cannot inspect them unless the other party produces them, The party wanting inspection must, therefore, call upon the opposite party to produce the document. And how can a party do this unless he knows what documents are in the possession or power of the opposite party? In other words, unless the party seeking discovery knows what are the documents in the possession or custody of the opposite party which would throw light upon the question in controversy, how is it possible for him to ask for discovery of specific documents?...”

The Court, speaking about Order 11, Rule 12 CPC, held that:

“When the Court makes an order for discovery under the rule, the opposite party is bound to make an affidavit of documents and if he fails to do so, he will be subject to the penalties specified in Rule 21 of Order 11. An affidavit of documents shall set forth all the documents, which are, or have been in his possession or power relating to the matter in question in the proceedings. And as to the documents which are not, but have been in his possession or power, he must state what has become of them and in whose possession they are, in order that the opposite party may be enabled to get production from the persons who have possession of them (see Form No.5 in Appendix C of the Civil Procedure Code). After he has disclosed the documents by the affidavit, he may be required to produce for inspection such of the documents as he is in possession of and as are relevant”.

“31. The Court also held that the documents sought to be discovered and not be admissible in evidence in the enquiry of the proceedings and it is sufficient that the documents would be relevant for the purpose of throwing light on the matter in controversy. In a subsequent decision, dealing with an election dispute, *Sasanagouda V. S.B. Amarkhed* AIR 1992 SC 1163, the position vis-a-vis production of documents on discovery and inspection was explained, in the following terms:

“The court, therefore, is clearly empowered and it shall be lawful for it to order the production, by any party to the suit, such documents in his possession or power relate to any matter in question in the suit provided the Court shall think right that the production of the documents are necessary to decide the matter in question. The Court also has been given power to deal with the documents when produced in such manner as shall appear just. Therefore, the power to order production of documents is coupled with discretion to examine the expediency, justness and the relevancy of the documents to the matter in question. These are relevant considerations, which the Court shall have to advert to and weigh before deciding to summoning the documents in possession of the party to the election petition”

34. Now, while considering an application under Order 11, Rule 12, CPC, the Supreme Court has ruled that relevance, justness and expediency to product documents are germane consideration which weigh with courts, while making orders. It was also held that admissibility of documents is not a relevant consideration while deciding whether to direct discovery. In the decision relied on by the defendants, i.e. **Rajesh Bhatia’s** case (supra) it was held that:

“In Halsbury’s Laws of England, fourth edition, Volume 13 in para 1, the nature and extent of discovery has been considered thus:

The term “discovery” in this title is used to describe the process by which the parties to civil cause or matter are enabled to obtain, within certain defined limits, full information of existence and the content of all relevant documents relating to the matters in question between them. The process of the discovery of documents operators generally in three successive stages, namely (1) the disclosure in writing by one party to the other of all the documents which he has or has had in his possession custody or power relating to matters in question in the proceedings,(2) the inspection of the documents disclosed, other than those for which privilege from or other objection to production is properly claimed or raised; and (3) the production of the documents disclosed either for inspection by the opposite party or to the court.

The function of the discovery of documents is the provide the parties with the relevant documentary material before the trial so as to assist them in appraising the strength or weakness of their respective cases, and thus to provide the basis for the fair disposal of the proceedings before or at the trial. Each party is thereby enabled to use before the trial or to adduce in evidence at the trial relevant documentary material to support or rebut the case made by or against him to eliminate surprise at or before the relating to documentary evidence and to reduce the costs of the litigation.

[Emphasis is mine]

At page 33 in para 37 it has been further dealt as under.

The obligation to disclose the existence of relevant documents is now coextensive with the obligation to produce documents for inspection. The fact that a document is privileged or otherwise protected from inspection is no reason for not disclosing its existence.

In determining whether a document should be disclosed by a party two tests should be applied: (1) whether it is relevant: (2) whether it is or was in the possession, custody or power of the party or his agent: and in any case when the order directing disclosure has limited discovery or relates to particular documents only the terms of that order must be applied.

[Emphasis is mine]

The court later summarized the law in the following manner:

“40. From the above discussion it appears that the rules of procedure envisaged under Order 11 of the Code and the rules of evidence contained in Chapter 10 of the Act operate in different spheres. They may appear to be analogous in certain areas, but the purpose or object behind these provisions would clearly tell us that the former rules are meant to shorten the litigation at the initial stage before the trial and the latter rules of evidence are meant to discover the truth at the stage of trial or giving evidence. Not only that discovery of facts or discovery of documents can be allowed only with the leave of the court, discovery by means of interrogatories can be objected on the ground that it is scandalous, Irrelevant, mala fide and on the ground of privilege. The answer to the interrogatory shall be by means of an affidavit. Similarly, discovery of documents can be objected on the ground of legal or professional privilege; that they may tend to criminate a party or expose him to forfeiture; that they are protected by public policy; that they are not in the sole possession of the party; that they solely relate to the case of the party; that they are in the possession of the party as an agent or a representative of another; and that they disclose evidence of party’s own case. Again the discovery of documents shall be made upon oath. Non-compliance with the order of discovery of documents entails if it is by the plaintiff the dismissal of his suit and if it is by the defendant the striking down of his defence, whereas, under the rules of evidence a notice is envisaged to be given to the adversary by the party requiring the production of the documents of if it is a case of a witness summons to be issued to produce a document into the Court and upon the production of the document either by the party or by the witness a party who has called for the document is bound to give it as evidence when the opposite party requires him to do so. And if the party who is required to produce a document fails to produce a document upon

receiving notice, he cannot use the document as evidence without the consent of the other party or order of the Court at a later stage and it is open to the party to lead secondary evidence of the document required and for the Court to draw adverse inference as per the provisions contained in illustration (g) to Section 114 of the Act. No penal consequences are envisaged under the provisions of the Act. The document sought to be discovered need not be admissible in evidence in the enquiry of the proceedings and it is sufficient that the document would be relevant for the purpose of throwing light on the matter in controversy, unlike in the case where the documents are sought to be introduced in evidence not only they shall be relevant but also they shall be admissible in evidence and shall be proved. The above distinguishing factors clearly show the difference between the discovery of fact or documents and production of documents under the provisions of the Act.”

9. We may note that none of the decisions cited before the Learned Single Judge deal with the discovery and production of documents which are confidential in nature or have proprietary information belonging exclusively to one party and which information such party is interested in ensuring that the same does not come into the hands of the opposite party who is his competitor. Not only this, the aforesaid judgments of the Hon’ble Supreme Court and of Andhra Pradesh High Court in Rajesh Bhatia’s case have to be read keeping in mind certain observations in those very paras and which are as under:

“Generally speaking, a party is entitled to inspection of all documents **which do not themselves constitute exclusively the other party’s evidence of his case or title.**” (M. L. Sethi’s Case)

“The court also has been given power to deal with the documents when produced **in such manner as shall appear just.** Therefore, the power to order production of documents is coupled with discretion to examine the expediency, **justness** and the relevancy of the documents to the matter in question. These are relevant considerations, which the Court shall have to advert to and weigh

before deciding to summoning the documents in possession of the party to the election petition...” (In Sasanagouda’s case)

“(2) the inspection of the documents disclosed, other than those for which privilege from or other objection to production is properly claimed or raised:”(Rajesh Bhatia’s case)

10. In **Rajesh Bhatia’s** case the following observations have been made:-

“The obligation to disclose the existence of relevant documents is now coextensive with the obligation to produce documents for inspection. The fact that a document is privileged or otherwise protected from inspection is no reason for not disclosing its existence.”

We do feel that these above observations in Rajesh Bhatia’s case must be confined to ‘discovery’ of documents which is only to decide whether such documents are in the power and possession of the opposite party or not i.e. whether they exist or not and not for ‘production’. This observation cannot be read with respect to production of documents because it will run counter to the provisions and also the observation of the Hon’ble Supreme Court in both the judgments of the **M.L. Sethi’s** and **Sasanagouda’s** as stated earlier that confidential documents and documents pertaining exclusively to the confidential information and trade secrets of the opposite party cannot be directed to be produced, unless and until the same is absolutely just.

11. In this view of the matter, the position which emerges is that there are two parties and two products. The plaintiffs claim that the products are same

but the defendants claim that the products are different, both with respect to contents and the method of manufacture. Both plaintiffs and defendants claim exclusivity and right of unrestricted non disclosure of their privileged and confidential information to the opposite party.

12. We therefore, have to examine the matter in such a manner that rights of none of the parties are in any manner prejudiced and no one can steal a march over the other. While on the one hand the plaintiffs are not entitled to unconditional access to the confidential/proprietary information of the defendants with respect to its product, on the other hand we must also keep in mind that the defendants should not be able to get away if their product is nothing but a copy of the product of the plaintiff and as claimed in the plaint.

13. The learned counsel for the plaintiffs has vehemently argued that the discovery and production of the documents pertaining to the product of the defendant is material at this stage because admittedly they relate to the matters in controversy and for decision of the injunction application it is necessary that such documents be produced in order to ascertain the respective strength of the cases of both the parties (vide **Colgate Palmolive (India) Ltd. vs. Hindustan Lever Ltd., AIR 1999 Vol. 7 SCC page 1**) and as to whether the defendants are violating the trade secrets, confidential information and copyrights of the plaintiffs. According to us, Mr. Sudhir Chandra, Learned Senior counsel appearing for the respondents is right in contending that the expression “at that

stage” as occurring in the relevant provisions of Order 11 Rule 12 CPC will include the stage of determination of injunction application especially considering the provision of Section 141 CPC which provides that the procedure as prescribed in the code will also apply to miscellaneous proceedings.

14. Now, it will be necessary and relevant to refer to the relevant pleas/prayers in the two I.A.s which were moved by the plaintiff, namely, I.A. No.8624/2007 and I.A.8625/07 for discovery and production of the documents under Order 11 Rules 12 and 14 of the CPC. The relevant paras in the said I.As. read as under:

“I.A 8624/07:

11.In light of the following, the plaintiffs pray that it has become imperative for the plaintiffs to have access to the following documents:

- (a) Documents inter se the Defendants pertaining to the subject matter of the suit;
- (b) Documents pertaining to the manufacture and sale of the impugned Netprotect product;
- (c) Documents pertaining to the export or import of the impugned product, whether in the Defendants own names or through any other person or entity including the “ICONLIFE” branded nets sold by Syngenta and as referred to in the letter from Syngenta dated 25th July 2007, which has been filed in the present proceedings.

12.The Plaintiffs humbly pray that this Hon’ble Court may pass an order:

- (a) Directing all the Defendants to make discovery of the documents mentioned in paragraph above, on oath;
- (b) Allow the Plaintiffs and their legal advisers in India and in other countries access to the said documents; and

And this Hon’ble Court may pass any other order as it deems fit in the facts and circumstances of the case.”.

I.A 8625/07 :

“12. In light of the foregoing, the Plaintiffs submit that is necessary for the Plaintiffs and their legal advisers to have access to the following documents:

(a) All documents served by the Defendants to the English proceedings on 2nd March 2007 pursuant to the Order of Kitchin J dated 11th January 2007. A copy of the order dated 11th January 2007 is annexed herewith as Annexure A;

(b) The Defence of the Defendants to the English proceedings dated 4th May 2007 including all schedules thereto designated confidential or otherwise;

(c) The Plaintiffs Confidential Further Information of Particulars of Claim served by the Plaintiffs on the Defendants in English proceedings on 21st May 2007 pursuant to the Order of Blackburne J dated 20th April 2007. The order dated 20th April 2007 is annexed herewith as Annexure B.

PRAYER

13. The Plaintiffs pray that this Hon’ble Court may be pleased to pass an order:

(a) Directing the Defendants to the suit to make discovery on oath of the documents enumerated in paragraph 12 above; and

(b) Allow the Plaintiffs’ external legal advisers in India to have access to the documents sought and to discuss the contents of these documents with the Plaintiffs’ legal advisers in other jurisdiction; and

And this Hon’ble Court may pass any other order as it deems fit in the facts and circumstances of the case.”

Each of the aforesaid prayer made in the applications for discovery and production filed by the plaintiffs will have to be examined with reference to the ingredients and provisions of Order 11 Rules 12 and 14 CPC as stated above and also the law laid down with respect thereto to see whether such documents are relevant to the matters in question and can be directed to be produced at all; if some documents have to be produced or all the documents asked for; if documents have to be produced then whether the stage for their production has

reached or not. The learned Single Judge allowed all prayers except para 11(a) of I.A.No. 8624/2007.

The prayer clauses made in the applications have also to be seen in the light of the averments made in the applications pursuant to which the production of the documents are sought. We will also have to keep in mind that the relevant stage in the suit is the stage of disposal of the injunction application. The aspect of “stage” becomes relevant in view of the ingredients of Order XI Rules 12 & 14 CPC that only documents relevant to the necessary stage can be ordered to be produced. We would like to mention that in neither of the two I.A.s, the ingredients of Order 11 Rules 12 and 14 have been averred and if we were to look at the same technically then the applications may have been without cause of action in the absence of averments as required by the applicable provisions. In fact, in I.A. 8264/07 the ground for production is to ‘establish the conduct of the defendants after the filing of the suit’ which averment does not fall in any of the ingredient of Order 11 Rules 12 and 14. However, we are overlooking these deficiencies in the I.As. including the lack of specificity/focus in the prayers in the context of these applicable provisions.

15. We may at this stage state that in the facts of the present case qua the documents which are sought to be produced from the appellants, and as allowed by us as stated hereafter, the step of ‘discovery’ is not necessary since the

documents pertaining to the proprietary information of the product of the concerned appellant/defendants are admittedly in their power and possession.

16. The first set of documents of which production is sought are the documents pertaining to the manufacture and sale of the impugned Netprotect product. A reference to the contents of the application I.A. 8624/2007 shows that the prayers have been made for production of the documents pertaining to the manufacture and sale of the Netprotect product of the defendants which is not in aid of the disposal of the suit but the production of the documents is prayed inasmuch the plaintiffs have alleged violation of the interim orders passed by this Court and the apprehension that defendants keep on shifting their manufacturing bases. The plaintiffs have averred in the I.A. 8624/2007 that in spite of the injunction order the defendants are violating the orders of the injunction and production is being shifted to other concerns, thus the production of the documents is to further the case of the plaintiffs to show violation of the interim orders by the defendants. In fact it is most material to state that the production is sought 'to establish the conduct of the defendants after filing of the suit' (See I.A. 8624/2007) (emphasis supplied). The production of these documents, therefore, is clearly not material for the purpose of the matters in question/issues in suit. The same may be material for the disposal of the issue whether the defendants are guilty of violation of the interim orders, however, for that there will have to be a finding first on the aspect as to whether the

defendants have violated the interim orders of the Court and only on arriving at such a finding, can the documents whose production is sought would be relevant to determine the amount of damages/compensation which the Court may seek to levy against the alleged contemnors. Since the prayer for production of these documents is general and in case it pertains to the documents containing proprietary and the confidential information of the defendants, (with respect to the product Netprotect), and if the prayer is such, then, we are dealing with this issue of such documents of the defendants pertaining to their product Netprotect in the latter part of this judgment.

17. So far as the documents which pertain to export and import of the impugned product as stated in para 11(c) of I.A. No.8624/07, we feel that production of such documents at the present stage will serve no purpose because the said documents will basically show confidential figures and other related figures of export and import which may be relevant at the stage of trial for determining the amount of damages, if any, but surely will not be relevant at this stage. We also feel that prayer in this regard amounts to a roving and fishing inquiry which is not permissible under the provisions of Order 11 Rules 12 and 14 of CPC. The plaintiffs, if at all they have to succeed in the suit, will have to stand on their own legs for proving their claim of damages. We may, of course, add a caveat that we are not making any final observations on this aspect because at the relevant stage, if so desired, the Learned Single Judge can look into this

aspect and decide the aspect of production of these documents pertaining to export and import of which discovery and production is being sought.

18. Now, we may take up the prayers (a) and (b) of para 12 of I.A. No.8625/2007 and which prayers pertain to documents filed by the defendants in proceedings in Great Britain. These are documents allegedly filed pursuant to the order of Kitchen J dated 11.01.2007 being the documents of the defendants including all schedules thereto designated confidential or otherwise. So far as the documents served pursuant to the order of Kitchen J, we feel that and as already stated above, the documents which can be looked into in these proceedings are only those which are relevant with respect to the subject suit before the Learned Single Judge and not whether they have been filed in English proceedings or other Courts of foreign jurisdiction. The documents which are sought to be discovered and produced have to satisfy, and their production sought, within the four corners of the provisions of Order 11 Rules 12 and 14 CPC and simply because the documents have been filed in English proceedings cannot be a ground to seek their production in the suit before the Learned Single Judge unless the said documents are relevant to the determination of the matter in controversy in the suit. However, when we construe this prayer in substance, then, in effect the prayer is for production of the documents of the defendant pertaining to the confidential/proprietary information of the defendants product

‘Netprotect’ and we are construing the prayer accordingly as the said documents would be relevant for deciding the injunction application.

Thus, the documents of the defendants pertaining to the production of its product and the details with respect thereto including the manufacturing process, contents and other confidential information including the copyrights which defendants may have in data base etc. are no doubt relevant and material to the matters in controversy at this stage of deciding the injunction application but the most important aspect is that what if the claim of the defendants is true that their product is different than that of the plaintiffs and if the plaintiffs have access to such confidential information then great prejudice and irreparable injury will be caused to the defendants because their confidential information will stand known to the plaintiffs who are their competitors. In the English Courts, the counsel for the parties agreed that production of the relevant material and documents was subject to a confidentiality agreement, a ‘confidential club’ of certain persons if the same may be so called, because only the lawyers of the plaintiff and expert of the plaintiff were (who were subject to confidentiality agreement), allowed to look at such documents. We may note that the Learned Single Judge has also directed production of documents in this regard only in a sealed cover. However, no purpose will be served merely by filing the same in the Court because such exercise will be of no effect because to ascertain whether such documents contain the exclusive proprietary information of the defendants

or the same are only a copy of the confidential information of the plaintiffs, is a vexed question, and the Learned Single Judge may not be equipped to compare and contrast the technical proprietary information relating to the two products and decide on his own whether the two products are the same and whether the defendants product is the copy of the plaintiffs' product or that the defendant's product is different than that of the plaintiffs'. It is, therefore, necessary to decide first the complete procedure for ensuring that the confidentiality which the defendants claim in their product is kept, before directing production of such documents, whether in the Court in a sealed cover or before any competent authority or person who would examine the confidential information, in order to determine the respective claims and contentions of either parties. The Court will necessarily have to devise a detailed procedure before directing production of the documents in a sealed cover because, as already stated, filing of documents in the Court in a sealed cover will serve no purpose unless and until a further procedure is devised with respect to the comparison and analysis of the confidential information of both the parties and as to an issue of 'confidentiality club' with its requirements including constitution, which is to be first decided by the Learned Single Judge.

19. As regards the other prayer in this regard made by the plaintiff i.e. the prayer clause (c) of para 12 of I.A. 8625/2007, documents which are plaintiffs confidential information of particulars of claim served by the plaintiffs on the

defendants in the English proceedings on 21.05.2007 pursuant to the order of Blackburne J. dated 20.04.2007, surely, the information and the documents which the plaintiffs already have cannot be said to be matter of any application under Order 11 Rules 12 and 14 because the documents which are already in the power and possession of the plaintiff cannot be the subject matter of proceedings under Order 11 Rules 12 and 14 CPC and it is only the documents which are exclusively in the power and possession of the defendants and which the plaintiffs do not have can be the subject matter of the proceedings under Order 11 Rules 12 and 14 of the CPC.

20. In view of the above, we set aside the order of the Learned Single Judge except to the extent as stated in para 18 above. We also direct that the Learned Single Judge before directing the production of the documents of the defendants so far as they pertain to Para 11(b) in I.A. 8624/07 is concerned and para (b) of I.A.8625/07, and as detailed in para 18, the Learned Single Judge may first devise a procedure to ensure as to how the information, documents, data base etc. of which production is sought and which pertain to the product of the defendants that the same can be kept confidential so as to not prejudice the defendants in any manner, besides also further providing how such confidential information of the defendants will be looked into, and by which person, and in what manner and other relevant matters, so as to decide the injunction application of the plaintiffs, considering the fact that vital stakes of the parties

are involved. We would, of course, like to clarify that the Learned Single Judge may call for the documents for his personal perusal only if he thinks it so appropriate and if he thinks that he is in a position to arrive at a decision as to the respective proprietary information contained in the respective products of the plaintiffs and the defendants. In such a case, the documents would be again kept back in a sealed cover and returned to the defendants after perusal of the same and subject to such further directions as the Learned Single Judge may deem fit.

21. Appeals are accordingly disposed of leaving the parties to bear their own cost.

VALMIKI J.MEHTA, J

MUKUL MUDGAL, J

AUGUST 07, 2009

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