

(2004) 09 BOM CK 0032

In the Bombay High Court

Case No : Civil Application No. 1477 of 2004 in F.A. No. 530 of 2004

Brihan Maharashtra Sugar Syndicate

APPELLANT

Vs

Meher Distilleries Pvt. Ltd. and Others

RESPONDENT

Date of Decision : 01-09-2004

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 39 Rule 1, Order 39 Rule 2, Order 41 Rule 5
Copyright Act, 1957 — Section 48

Citation : (2005) 1 MhLj 1132

Hon'ble Judges : V.C. Daga, J

Bench : Single Bench

Advocate : Ravi Kadam, Salil Shah and Hemang Engineer, instructed by Gordhandas and Fozdar, for the Appellant; Rahul Chitnis and Subodh Kurdukar, instructed by Mudstafa Motiwala, for the Respondent

Judgement

V.C. Daga, J.—The applicant/appellant has filed this first appeal against the judgment and decree dated 27th February, 2004 passed by the Additional District Judge, Palghar, Dist. Thane, restraining the applicant/ appellant/ original defendant by perpetual order of injunction from in any manner infringing respondents/ plaintiffs' copyright i.e. original artistic work, namely, the label PRINCE SANTRA by copying or reproducing the same or publishing or using the aforesaid original artistic work and label or any colourable imitation thereof by using the label of No. 1 TANGO SANTRA and also granting ancillary reliefs in terms of impugned order. The Facts :

2. The facts of the case leading to the impugned Judgment and decree are that the appellant is carrying on business, inter alia; as manufacturers of country liquor under various trade labels. Respondent No. 1 is also carrying on business of manufacturing country liquor having its factory at village Aswa, taluka Dahanu, district- Thane and, inter alia, selling its product under trade mark label No. 1 TANGO SANTRA as well as No. 1 TANGO SANTRA PREMIUM. The respondent No. 1, in addition to this, is also manufacturing and selling country liquor under various trade labels one of which is PRINCE SANTRA.

3. Respondent No. 1 alleged that in the year 1985, it had engaged, for valuable consideration, the services of one Mr. Radheshwar Fattu, sole proprietor of M/s Nikhil Enterprises, Mumbai to design a label for their country liquor product to be sold under the trade mark "PRINCE SANTRA". It claimed, Mr. Fattu, accordingly, designed unique and distinctive combination of various features comprising of, predominantly, the colour orange with dark orange border written in black and four horizontal lines on either side of the trade mark "PRINCE SANTRA" with respondent No. 1 company's emblem in the center, making it distinctive mark as a whole. According to the respondents, the get-up, arrangement and the colour scheme of the label constitute work of artistic craftsmanship as such is an artistic work. The respondent No. 1 - company claimed itself to be the owner of the copyright in the alleged artistic work of the label "PRINCE SANTRA". The respondents alleged that they are manufacturing country liquor under the said label "prince santra" since 1986. Reliance is placed on the certificate issued by the State Excise Department of the State of Maharashtra and various other invoices including figures of their sales reflected in the statement of sales.

4. According to the respondents, the artistic work of "PRINCE SANTRA" has been registered under the Copyright Act, 1957 ("Act" for short) as reflected in the extract of the Register of Copyright. By deed of assignment dated 5th May, 2001, respondent No. 1 - company assigned the said artistic work to respondent No. 2 for a valuable consideration of Rs. 9,55,000/-. By virtue of the said deed of assignment, respondent No. 2 became entitled to the exclusive right to reproduce the said artistic work and issue copies thereof to the public.

5. Respondent No. 2, thus, claimed to have become entitled to the exclusive rights to reproduce the said artistic work and to issue copies to the public. By a Licence User Agreement dated 7th May, 2001, entered into writing, respondent No. 2 granted to respondent No. 1 a non-exclusive right to reproduce the said artistic work and issue copies thereof to the public subject to the conditions and restrictions contained therein, for a valuable consideration of Rs. 10,000/- per month by way of licence fees.

6. By deed of assignment dated 24th September, 2001, entered into writing, between respondent No. 2 and respondent No. 3, respondent No. 2 claims to have assigned the said artistic work to respondent No. 3 for consideration of Rs. 11,00,000/-. In view of the said assignment, respondents claim that respondent No. 3 has become entitled to the exclusive right to reproduce the said artistic work and issue copies thereof to the public. By licence user agreement dated 25th September, 2001, entered into writing, respondent No. 3 gave nonexclusive right to respondent No. 1 to reproduce the said artistic work and issue copies to the public subject to the conditions and restrictions contained therein, for a consideration of Rs. 15,000/- per month by way of licence fees.

7. The respondents alleged that sometime in the month of July, 2001, they came across appellant's products bearing trade mark No. 1 TANGO SANTRA and also noticed certain copies of the respondents labels of Prince Santra as such they

chose to file suit being Civil Suit No. 1 of 2002 complaining infringement of their copyright against the appellant/original defendant. One Mr. Sanjiv Ahir claiming to be the constituted attorney of respondent No. 1 has signed and verified the said plaint on behalf of respondents.

8. In the aforesaid suit respondents filed application (Exh.5) under Order 39, Rules 1 and 2 read with Section 151 of Code of Civil Procedure, 1908 ("C.P.C." for short) against the defendant for injunction restraining it from using the said label mark No. 1 TANG PRINCE SANTRA.

9. Respondents also moved another application under Order 40, Rule 1 against the defendant for appointment of Receiver, which came to be marked as Exh.7.

10. The appellant/defendant in the suit filed its replies to the respective applications. Both applications were heard by the then Additional District Judge, who was pleased to grant injunction in terms of prayer clause (b) of the interim application (Exh.5).

11. Being aggrieved by the said order, the applicant/appellant has filed an appeal being Appeal from Order No. 196 of 2003 before this Court. In the said appeal the operation of the order of injunction was stayed and the hearing of the suit was expedited. With the result, suit came to be tried. Trial Court after recording evidence heard parties to the suit and vide judgment dated 27th February, 2004 decreed the said suit and granted permanent injunction in favour of the respondents in terms of prayer clauses (a) and (b) with further direction to the Commissioner of Excise to implement the said order, if the appellant/ defendant fails to comply with the same.

12. Being aggrieved by the aforesaid judgment and decree dated 27th February, 2004, the present appellant preferred this appeal on various amongst other grounds raised in the memo of appeal and also moved present application under Order 41, Rule 5 of CPC for interim stay of the effect and operation of the Judgment and decree dated 27th February, 2004.

13. The respondents filed their reply to oppose this application for interim stay of the impugned judgment and decree.

14. This application was heard by learned single Judge (P.V. Kakade, J.) on 27th April, 2004 who was pleased to issue rule. Rule was made returnable after six weeks. However no stay was granted to the first part of the impugned judgment, order and decree impugned in the appeal. So far as delivery of poppies of labels is concerned, the decree of the trial Court was stayed pending hearing of the stay application.

15. After returnable date, with the completion of pleadings with respect to interim application, the application was taken up for hearing and parties were heard at length.

Guidelines for Grant of Stay :

16. Before embarking upon the contentions canvassed by rival parties, one has to notice that law is well settled that while considering grant or refusal to grant interim stay to the decree, it is governed by three well established principles, namely, (a) whether there is prima facie case in favour of the person seeking stay; (b) whether such person would suffer irreparable loss in case stay is refused; and (c) whether balance of convenience lies in favour of such person.

17. It is not necessary for any party seeking stay to establish or prove his case to the hilt. If fair question is raised for determination, it should be taken that prima facie case is established. When a serious question of law and fact is to be decided during trial, it can be safely inferred that the party raising such question has got a prima facie case. While considering balance of convenience, the Court is required to weigh relative or comparative injury to the parties. Courts ordinarily prefer preservation of status-quo. The rule as to preservation of status-quo, however, has several exceptions. While considering the question of status-quo, comparative injury to the parties is also required to be kept in mind. The principles under which interim stay can be granted in the case of copyright and/or trade mark are the same as in case under the provisions of Order 39, Rules 1 and 2 of Civil Procedure Code. Keeping the said principles in mind, let me capitulate the rival submissions made.

Submissions:

18. Mr. Ravi Kadam, learned counsel for the applicant/appellant and Mr. Rahul Chitnis, learned counsel for the respondents raised various rival contentions in support of their respective submission :

19. The rival submissions can be broadly classified under the following five heads :

(a) The Additional District Judge, Palghar, district - Thane had no jurisdiction to entertain and try the suit.

(b) The Constituted Attorney, who has filed instant suit, did not have power to sign verify and present the said suit.

(c) The respondent No. 1 is not entitled to claim protection for its label under the Copyright Act because it is not the original work as defined under the said Act.

(d) Assuming that work of respondent No. 1 can be said to be an artistic work, the appellant's work is not a copy thereof.

(e) In any event, respondent No. 1 cannot be said to be the owner of the artistic work as required by Section 17 and is, therefore, not entitled to maintain the present suit.

20. Taking last submission first for consideration, let me turn to the rival submissions. Mr. Kadam, learned counsel for the appellant submits that the owner of the work can only sue for infringement. u/s 17 of the Act, the author of a work is the first owner of the copyright therein. In Section 2(d) of the Act,

author in relation to an artistic work is defined to mean the artist thereof. Mr. Kadam submits that it is an admitted position that one Radheshwar Fattu is the artist of the said label sought to be relied upon by respondent No. 1. In the plaint, it is claimed that the label "PRINCE SANTRA" was designed by said Radheshwar Fattu, on behalf of the respondents since he has done the said artistic work for them under commission paid by respondent No. 1. That is how the ownership in respect of the labels is being claimed.

21. Mr. Kadam further submits that though the respondents have relied upon an agreement under which Mr. Radheshwar Fattu created his artistic work, but no documentary evidence in this behalf was produced by the respondents. The witness of the respondents in his cross-examination has clearly admitted that they have no documentary evidence to prove that the said Radheshwar Fattu was employed by respondent No. 1 or by any other respondents. That Mr. Radheshwar Fattu was not examined, as such, in the submission of Mr. Kadam, the respondent No. 1 failed to prove the authorship or ownership of the said work. He further submits that the respondents have also failed to prove that Radheshwar Fattu had worked for them on commission. According to him, respondent No. 1 is not the first owner of the copyright in question. He submits that the trial Court was wrong in relying upon the register of copyright as conclusive evidence to hold that since the said work was registered in the name of respondent No. 1 as such it was a sufficient and conclusive evidence to prove ownership of the said work. According to him, only prima facie; presumption can be raised on the basis of such registration. However, the said presumption is rebuttable. He, thus, submits that the person claiming to be the proprietor of the work has to prove its proprietorship or ownership once the presumption is rebutted. That the copyright registration is not compulsory. Mere registration confers no right whatsoever upon the registered proprietor. Mr. Kadam submits that the respondents on their own admitted that the original artistic work is that of Mr. Fattu. However, according to them, he worked for respondent No. 1, against payment of consideration since he was engaged by them. Based on their contention, Mr. Kadam submits that unless payment made to Mr. Fattu or that the factum of his employment or engagement by respondent No. 1 is proved in law, the ownership of this artistic work rest with Mr. Fattu. Mr. Kadam submits that respondent No. 1 is not the owner of the artistic work u/s 17 and is, therefore, not entitled to maintain the present suit either alone or in the company of other respondents.

22. Per contra, Mr. Chitnis, learned counsel for the respondents submits that the respondents having produced the extract from the Register of Copyright dated 8th December, 2000 showing respondent No. 1 as the owner of the copyright in the label "PRINCE SANTRA", they were not required to produce any other documents to establish that Mr. Fattu, the author of label "PRINCE SANTRA" was engaged by respondent No. 1 to prepare the design of the said label. He submits that neither Mr. Fattu was required to be produced before the trial Court nor the agreement entered into between Mr. Fattu and respondent No. 1 was required to

be produced in view of the fact that a strong prima facie; presumption is attached to the certificate produced by the respondents, u/s 48 of the Copyright Act. That respondent No. 1 being the owner of copyright, as per the extract of Register of Copyright, it was not necessary to lead further evidence. In support of this submission he relied upon judgment of this Court in the case of Hindustan Lever Limited Vs. Nirma Private Limited, Ahmedabad, . He thus submits that respondent No. 1 was the owner of the artistic work as required by Section 17 as such the suit was perfectly maintainable.

Consideration :

23. Having heard rival parties, let me examine as to whether the appellant has made out prima facie case for grant of stay. At the outset, I must observe that apart from the question of maintainability of the suit; number of other contentions were raised by Mr. Kadam in support of his prayer. However, consideration of this solitary contention relating to the locus of the plaintiffs to file suit or maintainability thereof at the instance of the plaintiffs alone is sufficient to decide the fate of the stay application. Even if other contentions raised by Mr. Kadam are overruled and held to be in favour of the respondents, still the colour of the findings with respect to the prima facie case, balance of convenience and legal injury which the appellant will suffer will remain the same. It will not change. Hence, I propose to deal with this solitary aspect of the contention in detail to show as to how prima facie case is made out by the appellant for grant of stay of the impugned judgment, order and decree under Order 41, Rule 5 of Civil Procedure Code.

24. u/s 17 of the Copyright Act, the author of the work is the first owner of the copyright therein. u/s 2(d) author in relation to artistic work is defined to mean the artist thereof.

25. In the instant case, it is an admitted position that one Mr. Radheshwar Fattu is the artist of the said label relied upon by respondents. In the plaint, para 5, it is claimed that the said PRINCE SANTRA Label was designed by Mr. Radheshwar Fattu on behalf of respondent No. 1 and since he did the said work under a commission from respondent No. 1, they were the owners of the label PRINCE SANTRA. At page 96, the respondents have relied upon an agreement under which the said Radheshwar Fattu created this work. In the cross-examination, at page 311, the respondents admitted that they have no documentary evidence to prove that the said Radheshwar Fattu was employed by them and they got the work done or produced or got it designed from Mr. Fattu for valuable consideration. Similar admission is to be found at page 308 of the cross-examination. Admittedly, the said Radheshwar Fattu was not produced or examined as witness. Though statement was made in the plaint that the agreement with Radheshwar Fattu would be produced, but the same was not produced during trial of the suit. Respondent No. 1 did not prove his authorship or ownership of the work. Similarly, respondents were unable to prove that Radheshwar Fattu worked for them on commission basis. Therefore, on the basis

of the pleadings and evidence on record, prima facie; one can notice the admission on the part of the respondents/plaintiffs that author of the work i.e. first owner of the copyright was Mr. Radheshwar Fattu. He worked on commission for respondent No. 1 has not been proved. The very fact that the statement made in the plaint that the agreement with Radheshwar Fattu would be produced pre-supposes existence of such agreement. Non-production of the said agreement leads me to draw adverse inference that either such agreement does not exist, or if exists, it does not help the plaintiffs to sustain their case.

26. The trial Court while appreciating the contentions raised in this behalf relied upon Section 48 of the Copyright Act to hold that the registration of copyright with the registrar of Copyright was sufficient to prove ownership of the copyright. Trial Court also held that in view of the agreements at Exhs. 38, 39, 40 and 41 there was reason to believe that on the basis of the Licence User Agreement (Exh.41) the plaintiff No. 1 was entitled to copyright over label PRINCE SANTRA and that the said evidence was prima facie; sufficient to prove ownership in the copyright.

27. The above findings recorded by the trial Court, if perused, it is not difficult, prima facie; to hold that these are sketchy findings. The trial Court has mainly relied upon Exhs.38, 39, 40 and 41 which have no direct bearing to dislodge the basic ownership of Mr. Fattu to the artistic work in question. Let in examine the worth of each exhibit. Exh.38 is an agreement between plaintiff Nos. 1 and 2. Exh. 39 is also an agreement between plaintiff Nos. 1 and 2. Exh. 40 is an agreement between plaintiff Nos. 2 and 3. Exh.41 is an agreement between plaintiff Nos. 3 and 1. All these exhibits/agreements have no bearing to establish relationship between Mr. Radheshwar Fattu and respondent/plaintiff No. 1. If it is the case of plaintiff No. 1 that Radheshwar Fattu was engaged on commission and he authored the said design for it, then, it was obligatory on its part to produce some evidence in support of its contention so as to claim ownership in respect of the copyright in question. All these facts were well within the knowledge of plaintiff No. 1. Failure on the part of plaintiff No. 1 to produce any evidence in this behalf is sufficient to draw adverse inference against the plaintiff No. 1 in view of law laid down by the Apex Court. The Apex Court ruled in number of cases that if best evidence is not produced or suppressed adverse inference can be drawn, (see Hiralal and Others Vs. Badkulal and Others, .

28. The trial Court heavily relied upon the factum of registration of copyright in support of its finding. To support this finding, learned counsel appearing for the respondents also heavily placed reliance on Section 48 of the Copyright Act. He pressed into service the judgment delivered by learned single Judge of this Court in the case of Hindustan Lever Limited (supra), wherein learned single Judge observed that certificate issued u/s 48 of the Copyright Act raises a strong prima facie; presumption of the ownership of the copyright. At this juncture, it will not be out of place to mention that learned single Judge in case of Hindustan Lever Limited (supra) was considering a case at the stage of injunction pending trial of

the suit. For considering the prima facie case before commencement of trial, no doubt, such registration u/s 46 has to be given its due weight. However, the question with which I am concerned is as to what extent evidentiary value should be attached to the presumption attached to the certificate issued u/s 48 of the Copyright Act, at the appellate stage, while considering application for stay.

29. The case in hand is a case in appeal. The evidence available with both parties has already come on record. Therefore, in the facts of the present case, question will have to be considered taking into account the advanced stage of the litigation. Section 46 of the Act lays down that the Register of Copyrights shall be prima facie evidence of the particulars entered therein; and the documents purporting to be copies of any entries therein; or extracts therefrom certified by the Registrar of Copyrights and sealed with the seal of the Copyright Office shall be admissible in evidence in all Courts without further proof or production of the original. Meaning thereby, that the Registrar when grants certificate to the proprietor of copyright registered u/s 48 of the Act that certificate u/s 46 is required to be treated as prima facie evidence. What is the effect of such provision fell for consideration in the case of Dwarkadas Dhanji Sha Vs. Chhotalal Ravicarandas and Co., , while considering identical provision of the Patents and Designs Act, 1911; wherein this Court held thus :

"The words of Section 46(3) however are the entry with regard to the name and address of the proprietor or proprietors of the registered design in prima facie evidence to that effect. That means in my opinion that there is a prima facie presumption that the person whose name is registered as the proprietor is the proprietor of a new or original design, but the entry in the register is not conclusive proof thereof, and the presumption can be rebutted. It is true that u/s 43 no registration can be effective unless the design sought to be protected in new or original and not of a pre-existing common type. But the certificate is not conclusive, and there is nothing in the Act which prevents the defendant in a suit for damages for infringement of a registered design u/s 53 from raising in the defence the plea that the design was previously published and was neither new or original; see 56 ALL 1032. It was pointed out that unless it was final and conclusive there was no advantage in having a certificate of registration. The advantage is that if no evidence is led by the defendants to the contrary, the certificate is sufficient evidence that the plaintiffs are the proprietors, that is proprietors of a new or original design. If evidence is led, it is for the Court to come to its finding on the question. A further advantage is the register is prima facie evidence of the matters contained in it, the onus ordinarily will be on the defendants to show that the plaintiffs are not the proprietors of the registered design in question."

Thus, this Court in the above case ruled that the certificate of registration is not conclusive and there is nothing in the Act which prevents the defendant in the suit for damages for infringement of a registered design u/s 53 from raising in defence the plea that the design was previously published and was neither new

nor original. The defence which is permissible to the defendant in the suit is always available to it at the interlocutory stage. Once certificate of registration is issued by the Registrar, prima facie; presumption is attached that person whose name is registered as the proprietor or author is the author of the original work. The said presumption is not conclusive and it is open for the other side to rebut that presumption to show that such design had been previously published and was not new or original work. The same consideration holds good even in cases arising from the provisions of the Copyright Act as the scheme of the Copyright Act as also the Patent and Designs Act referred to hereinabove is more or less similar.

30. With the above understanding of Section 48, if one turns to the plaint pleadings, it is clear that the plaintiffs themselves have tried to make out a case that they are not the original authors of the copyright. The original author is Mr. Radheshwar Fattu, who, according to them, worked for them on commission. The burden to establish this particular fact was invited by the plaintiffs. The question of onus probandi is important in early stages of a case. Where no evidence is led on the question in dispute, the party on whom the onus lies to prove certain facts must fail. But where the evidence has been led by the contesting parties on the question in issue, the question of onus is out of place and the matter must be decided on the evidence led by the parties (see AIR 1963 SC 644 and Kalwa Devadattam and Others Vs. The Union of India (UOI) and Others,)

31. Needless to mention that where both parties adduce evidence, onus of proof loses much of its importance (see AIR 1979 SC 1204).

32. The burden invited by the plaintiffs, as described hereinabove, has not been discharged by them. Therefore, there is strong prima facie case made out by the appellant to succeed. If that be so, in my opinion, appellant is entitled to get interim stay of the effect and operation of the impugned judgment, order and decree. Even the balance of convenience is in favour of the appellant. The possible loss which can be suffered by the respondents can very well be worked out on the basis of the accounts to be maintained by the appellant.

33. So far as other submissions other than the one considered herein are concerned, even-though they were to be held against the appellant/applicant they would not change the colour of the finding that prima facie case is made out by the appellant recorded herein. Since the appellant/ applicant has made out prima facie case and balance of convenience lies in its favour on the basis of sole contention considered herein, appellant is entitled to get stay of the impugned judgment, order and decree, as such the same is stayed pending consideration of the appeal, on appellant's furnishing security in the sum of Rs.5 lakh either in cash or in the nature of bank guarantee of any nationalised bank as per the draft to be approved by the Registrar General of this Court and subject to maintaining accounts of the sale of brand "PRINCE SANTRA" and that of use of the labels in question. This interim stay shall be subject to the result of the appeal.

34. At this stage, learned counsel for the respondents prayed for stay of effect and operation of this order for a period of six weeks to enable the respondents to approach higher Court. This prayer is opposed by learned counsel for the appellant. However, I do not think any prejudice would be caused to the appellant, if effect and operation of this order is stayed for a period of six weeks. Accordingly, this order is stayed for a period of six weeks, subject to operation of interim order passed by learned single Judge of this Court (Kakade, J.) dated 27th April, 2004 during this period.

35. All the concerned to act on ordinary copy of this order duly authenticated by the Associate/Personal Secretary of this Court.

Issuance of certified copy is expedited.