

(2017) 12 DEL CK 0471

In the Delhi High Court

Case No : Civil Suit (OS) No. 2934 Of 2011

J.C. Bamford Excavators Limited & Anr

APPELLANT

Vs

Bull Machines Pvt. Ltd

RESPONDENT

Date of Decision : 20-12-2017

Acts Referred:

Code Of Civil Procedure, 1908 — Order 39 Rule 1, Order 39 Rule 2, Order 39 Rule 4, Order 12 Rule 6, Order 7 Rule 11, Order 6 Rule 17
Designs Act, 2000 — Section 2(b), 2(d)
Copyright Act, 1957 — Section 2(c), 14, 14(c), 14(c)(1), 14(c)(iii), 15, 15(1), 15(2), 52(1)(w), 79, 79(2)

Citation : (2017) 12 DEL CK 0471

Hon'ble Judges : Vibhu Bakhru, J

Bench : Single Bench

Advocate : P. Chidambaram, Pravin Anand, Geetanjali Visvanathan, A.N. Haksar, Udayan Jain, Anju Thomas, Kamal Sharma

Judgement

Vibhu Bakhru, J

IA Nos. 1733/2015 & 1732/2015

1. The defendant (hereafter "BMPL") has filed the afore-captioned applications under Order VII Rule 11 of the CPC (IA No. 1732/2015) and

under Order XII Rule 6 of the CPC (IA No. 1733/2015). By way of IA No. 1732/2015, BMPL prays that suit be dismissed with exemplary costs and

in IA No. 1733/2015, BMPL seeks the following relief:-

It is therefore most respectfully prayed that this Hon'ble Court may most graciously be pleased to pass a judgment in favour of the defendant

based on admissions made by the Plaintiffs in respect of the allegations and claims made by them in respect of infringement of: (i) copyright in the

drawings of boom and dipper, (ii) the registered design of stabilizer leg, hydraulic

tank and diesel tank, (iii) registered designs of all components, and (iv) copyright in all components as prayed in para 27 (b).â??

2. Some of the grounds urged in both the applications are common and, therefore, the same were heard together.

3. Before advertng to the specific rival contentions advanced, it is expedient to briefly indicate the facts necessary to address the controversy in these applications.

4. Plaintiff no.1 (hereafter â??JBELâ?) is a company incorporated under the laws of England and is engaged in the manufacture of earth moving and construction equipment. JBEL claims to be the worldâ??s largest manufacturer of â??Backhoe Loaderâ? since 1945. Plaintiff no.2 (hereafter

â??JILâ?) is a wholly owned subsidiary of JBEL and is engaged in manufacturing of earth moving and construction equipment in India. It is stated

that JIL commenced operations in India in 1979 as a joint venture company and in 2002 JBEL acquired the entire paid up share capital of JIL resulting

in JIL becoming the wholly owned subsidiary of JBEL.

5. The plaintiffs filed the above-captioned suit in November 2011 as a quia timet action alleging imminent infringement of copyright and registered

designs in respect of parts used in manufacture of 3DX Backhoe Loader (hereafter â??the Productâ?). The plaintiffs claimed that the Product is a

versatile multipurpose earth moving machine, which can be used both as an excavator and a loader. It is stated that the Product weighs approximately

seven tonnes and has more than three thousand parts. In the plaint as originally filed, the plaintiff no.2 claimed that designs relating to (i) Boom; (ii)

Dipper; (iii) Bucket; and (iv) Stabilizer Leg were being infringed by the defendants. The designs of the said parts of the Product were registered under

the design registration nos. 200016, 200017, 200018 and 200019. The plaintiffs also alleged infringement of their copyright in respect of drawings of

various components of the Product and claimed that certain parts manufactured and used in backhoe loader manufactured by BMPL (hereafter

â??the infringing Productâ?) were substantially reproductions of the drawings of the components of the Product and this amounted to infringement of

plaintiffs copyright in those drawings. The plaintiffs also secured an ex parte ad interim injunction. Thereafter, BMPL filed an application under Order

XXXIX Rule 4 CPC (IA 19122/2011) for vacation of the ad interim injunction. It is

stated that there were certain negotiations between the parties and the ad interim order granted in favour of plaintiffs was suspended on 12.12.2011. The plaintiffs' engineers inspected the infringing Product on 21.12.2011 and submitted their technical report on 12.04.2012 (hereafter 'the technical report').

6. While the settlement talks and negotiations were being held, the plaintiffs withdrew their applications filed under Order XXXIX Rule 1 & 2 of the CPC (IA No. 18812/ 2011). Consequently, BMPL was no longer interdicted in manufacturing and selling the infringing Product. This Court is informed that subsequently the negotiations between the parties for an amicable settlement failed.

7. Thereafter, the plaintiffs filed an application under Order VI Rule 17 CPC (IA 11745/2014) for amendment of the plaint. The said application was allowed on 15.10.2014, as the same was not contested. The present applications were moved by BMPL subsequently. Thus, the suit is still at a pre-trial stage and the issues have not been framed as yet.

8. In its amended plaint, the plaintiff no.2 alleged infringement of designs in respect of Hydraulic Tank (design registration no. 200007), Diesel Tank (design registration no.200009), Seat (design registration no. 200011) and Stabilizer Leg (design registration no. 200016). It is also relevant to mention that BMPL had filed an application for cancelation of design registration in respect of Stabilizer Leg, which was allowed and the registration of the said design has been since cancelled. However, an appeal preferred against such cancellation is pending before the Controller of Patents.

9. The plaintiffs also claim infringement of their copyright in drawings in respect of the following parts used in the infringing Product:-

1. Hose Retainer
2. Side Cutters (LH and RH)
3. Tooth of the Bucket and Shovel
4. Wear Pad Upper
5. Wear Pad Lower
6. Adjuster Assemble
7. Wear Pad Adjuster
8. Adjuster Nut

9. Knobs

10. Boom Bottom Plate

IA No. 1732/2015

10. BMPL claims that the present suit is liable to be dismissed as it does not disclose any cause of action. Mr Haksar, learned Senior Advocate

appearing on behalf of BMPL contended that the suit was filed as a quia timet action at a stage when BMPL had not launched the infringing Product.

The plaintiffs were given full relief by an order passed by this Court on 25.11.2011 and BMPL was interdicted from launching the allegedly infringing

Product. The plaintiffs inspected the infringing Product and, thereafter, withdrew their application filed under Order XXXIX Rule 1 and 2 of CPC. He

pointed out that the plaintiffs had expressly pleaded in the plaint that the cause of action would subsist in favour of the plaintiffs till BMPL was

restrained from launching or exhibiting its product. He stated that once having voluntarily withdrawn the relief of injunction, no further cause of action

survived in favour of the plaintiffs. He referred to Black's Law Dictionary for the definition of "quia timet" and also referred to the decision of the

Supreme Court in *Kuldip Singh v. Subhash Chander Jain and Ors.*: (2000) 4 SCC 50 for explaining the ambit and nature of such actions.

11. Mr Haksar further contended that injunction order was obtained by the plaintiffs by concealment of the prior actions instituted by the plaintiffs

and/or their affiliated parties for infringement of copyright in drawings of the parts in question. In those proceedings, it was specifically pleaded that

finished products produced with the help of drawings were functional items and would not qualify for registration of designs under Section 2(b) of the

Designs Act, 2000. It was further claimed that the drawings had been specifically developed to increase the efficiency of finished products. Mr

Haksar contended that since it was clear from the pleadings filed in those suits that admittedly the drawings were for functional items and, therefore,

incapable of being registered under the Designs Act, 2000 (hereafter "the Design Act"). The present suit claiming infringement of designs in

respect of components of the Product was wholly contrary to the earlier stand and, thus, the present suit was liable to be dismissed.

12. Next, Mr Haksar submitted that by virtue of Section 52(1)(w) of the Copyright Act, 1957 (hereafter the "Copyright Act"), making of three

dimensional objects (allegedly infringing parts) from two dimensional technical drawings of a purely functional part or a device would not constitute

infringement of copyright and, therefore, the present suit was not maintainable. He relied on the decision of a Division Bench of this Court in

Microfibres Inc. v. Girdhar & Co. and Anr.: 2009 (40) PTC 519 (Del) in support of his contention.

13. Lastly, he submitted that this Court did not have the territorial jurisdiction to entertain the present suit as BMPL's factory was located in

Coimbatore and its office is located at NOIDA, Uttar Pradesh and, therefore, this Court would not have the jurisdiction to entertain the suit for

infringement of designs. Insofar as infringement of copyright is concerned, he submitted that the same was barred by virtue of Section 52(1)(w) of the

Copyright Act. He further submitted that the concept of "dynamic effects" for attracting territorial jurisdiction, which was relied upon by the

plaintiffs on the strength of the decision of this Court in Girdhar Lal Gupta v. M/s K. Gian Chand Jain & Co.: AIR 1978 Delhi 14 6 had been

distinguished by the Supreme Court in Godrej Sara Lee Ltd. v. Reckitt Benckiser Australia PTY Ltd. & Anr.: 2010 2 SCC 53.5 He also referred to

the decision of the Supreme Court in Dhodha House v. S.K. Maingi: (2006) 9 SCC 41 and the decision of this Court in Jay Engineering Works Ltd. v.

Ramesh Aggarwal: 135 (2006) DLT 666.

14. Mr Pravin Anand, learned counsel appearing for the plaintiffs countered the submissions made by Mr Haksar. He referred to the specification

sheet (brochures) of the Product and the infringing Product and pointed out that certain pages were identical and even the errors that had crept in the

brochure published by the plaintiffs had been slavishly copied by BMPL. He also referred to certain emails exchanged during the course of

negotiations for an amicable settlement wherein BMPL had agreed to change some of the parts of the infringing Product. Mr Anand emphasised that

the technical report also indicated a striking similarity between parts of the Product and the infringing Product. He submitted that in the aforesaid

circumstances, the plaintiffs had established a cause of action and, thus, the suit could not be dismissed under Order VII Rule 11 of the CPC.

15. Mr Anand, explained that the plaintiffs had withdrawn the interim application in order to examine the infringing Product in greater detail. He

submitted that at the time when the suit was filed, the BMPL had not commercially launched the infringing Product and, therefore, the plaintiffs could not strip down the machine to compare all the parts. He stated that this was only possible after the plaintiffs had purchased the infringing Product by way of a resale. He stated that thereafter the plaint was amended and, therefore, there was no merit in the contention that withdrawal of an application for interim relief indicated that the plaintiffs had forfeited their right to agitate their cause. Next, Mr Anand submitted that the pleadings in other suits could not be referred for considering whether plaint disclosed a cause of action.

16. He further countered the submission that the present plaint was barred under Section 15(1), 15(2) and 52(1)(w) of the Copyright Act. First of all, he submitted that Section 52(1)(w) of the said Act was inapplicable as it came into force with effect from 21.06.2016 and in the light of the savings clause under Section 79 of that Copyright Act was not applicable retrospectively. Secondly, he submitted that Section 52(1)(w) was only applicable in case of "purely functional" items and did not include other types of technical drawings. Thirdly, he submitted that the question whether Section 15 of the Copyright Act was applicable was a mixed question of fact and law that required trial and, therefore, the plaint could not be rejected on that ground. He relied upon the decision of the Supreme Court in *Tri-Star Products P. Ltd. v. Jagdamba Impex: SLP (C) No. 22113/2014*, decided on 08.09.2014. He also relied upon the decision of the Division Bench of the Madras High Court in *Standard Corporation India Ltd. v. Tractors and Farm Equipment Ltd.: O.S.A. No. 107/2013*, decided on 04.04.2014. He stated that engineering drawings fall within the scope of artistic works as defined under Section 2(c) of the Copyright Act and thus, were excluded from the definition of designs under Section 2(d) of the Design Act. He submitted that copyright in designs derived from technical drawings was materially different from the copyright in technical drawings. He relied on the decision of the Division Bench of this Court in *Microfibres Inc. (supra)* in support of this contention.

17. Lastly, Mr Anand submitted that BMPL was selling its infringing products within the territories of NCT of Delhi and thus, this Court would have the territorial jurisdiction in respect of a suit for infringement of designs. He further submitted that the principal office of JIL was in Delhi and,

therefore, this Court would have the territorial jurisdiction to entertain the present suit.

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18. In addition to the submissions made in connection with BMPL's application under Order VII Rule 11 of the CPC, Mr Haksar contended that the

present suit is liable to be dismissed on account of admissions made by the plaintiffs in prior actions instituted by the plaintiffs/their affiliates. He

referred to the pleadings in CS(OS) No. 566 of 2006 captioned 'JC Bamford Excavators Ltd. and Anr. v. Action Construction Equipment Pvt. Ltd.

and Ors' filed by the plaintiffs. The suits were filed by the plaintiffs and one of the Joint Venture Company in the years 2006 and 1998 respectively.

He pointed out that in the said complaints, it was specifically pleaded that the designs were incapable of being registered under Designs Act, 1911 and

Designs Act, 2000 as the finished products produced with the help of the drawings were all functional items and would not qualify as 'designs' as

defined under Section 2(d) of the Designs Act. He submitted that in view of the specific pleadings, the plaintiffs had admitted that the industrial

drawings were incapable of being registered under the Designs Act and, therefore, the defendant's claim that the registrations of the designs were

invalid as they were incapable of being registered under the Designs Act was admitted and thus had to be accepted. He further submitted that by

virtue of Section 52(1)(w) of the Copyright Act making of three dimensional object from any two dimensional artistic works such as technical

drawings for the purposes of industrial application of any purely functional part of a useful device, would not constitute infringement of Copyright. He

submitted that since the plaintiffs plainly admitted that the parts were functional, their claim in the present suit could not be sustained. He earnestly

contended that in view of the admissions made in the earlier suits, the present suit was liable to be dismissed.

19. Mr Haksar, thereafter also referred to the technical report prepared by the experts of the plaintiffs, which plainly indicated that there were

dissimilarities between the Products and the infringing Product manufactured by the defendants.

20. He also submitted that the design registration in respect of seat (Registration No. 200011) indicated that the seat was covered by a polythene

sheet and thus, was not visible. He submitted that in the circumstances, the present suit insofar as it relates to infringement of the design of the seat, cannot be sustained.

21. Mr Chidambaram, learned Senior Counsel appearing for the plaintiffs countered the aforesaid submissions. Mr Chidambaram submitted that at the time when the suit CS(OS) No. 959 of 1998 captioned "Escorts JCB Ltd. v. Action Construction Equipment Private Limited and Ors." was filed, registrations in respect of designs had not been granted in favour of the said plaintiff - Escorts JCB Ltd. - and, therefore, the statement made that the designs were incapable of registration under the Designs Act, 2000 was a mistaken statement of law, which cannot be construed as an admission on the part of the plaintiffs. He submitted that similarly the statement made by the plaintiffs in CS(OS) 566 of 2006 was also a mistaken statement of law.

He submitted that at that stage about twenty applications for registrations under the Designs Act were pending. However, the counsel who made the statement may not have been sure whether pending applications would fructify into design registrations. He contended that in any event a statement as to law could not be held as an admission and it was always open for the plaintiffs to canvas a different view. He relied on the decision of the Division Bench of this Court in Kapil Wadhwa and Ors. v. Samsung Electronics Company Ltd. & Anr.: 2013 (53) PTC 112 (Del,) wherein the Division Bench of this Court had re-affirmed the principle that estoppel could not be pleaded against a statute and an admission by a party as to a principle of law would have no relevance while determining the rights and liabilities of a party. He submitted that the statement that the designs were incapable of registration under the Designs Act was an erroneous statement regarding the law and the plaintiffs were not bound by the same.

22. Next, he submitted that the bar under Section 52(1)(w) of the Copyright Act was only applicable to a purely functional item, which has no aesthetic value. He submitted that an item could be functional and yet have certain features of aesthetic value and in 52(1)(w) of the Copyright Act would not apply in such cases.

Discussions and Conclusion

23. The first and foremost question to be addressed is whether the plaint is liable to be rejected on the ground that it does not disclose a cause of

action. The plaintiff has been filed seeking permanent injunction in respect of the plaintiff's registered designs and infringement of copyright in respect of parts of the Product (3DX Backhoe loader). It is settled law that the question whether a plaintiff is to be rejected under Order VII Rule 11 has to be tested without any reference to the Written Statement or the defence raised by the defendant. In other words, the averments made in the plaintiff must be accepted as correct for the purposes of determining whether the suit is sustainable. The question whether a plaintiff is to be rejected has to be addressed on a demurrer.

24. In the present case, the plaintiffs allege infringement of designs in respect of Hydraulic Tank (Design Registration No. 200007), Diesel Tank (Design Registration No. 200009), Seat (Design Registration No. 200011) and Stabilizer Leg (Design Registration No. 200016). The plaintiffs have also claimed infringement of their copyright in drawings relating to several parts as noticed hereinbefore. Plainly, if the averments made by the plaintiffs are accepted to be correct, they would be entitled to the relief as claimed by them.

25. The present suit was instituted as a quia timet action as at the material time, BMPL had not commercially launched the infringing Product. Thus, in paragraph 24 of the plaintiff, the plaintiffs had pleaded that the cause of action has arisen as they apprehend that BMPL may launch and sell the infringing product. The plaintiffs further pleaded that the cause of action would continue and subsist till such time, BMPL is restrained from launching/exhibiting its product that infringes plaintiff's registered design and their copyrights. Undoubtedly, if the said paragraph 24 is read in isolation, it would plainly appear that the cause of action no longer survives particularly keeping in view that the plaintiffs have withdrawn their prayer for interim relief. However, it is trite that a plaintiff has to be read as a whole. A plain reading of the plaintiff as a whole clearly indicates that the grievance sought to be agitated by the plaintiffs are regarding alleged infringement of their designs and copyright. The plaintiffs have also subsequently amended the plaintiff to specifically indicate the designs, which are allegedly infringed and their copyright in the drawings, which the plaintiffs claim have been violated. In this view, this Court is unable to accept that the plaintiff does not disclose any cause of action and is, therefore, liable to be dismissed

under Order VII Rule 11 of the CPC.

26. Mr Haksar had argued that the plaintiffs were guilty of concealment of material facts inasmuch as they are failed to disclose the earlier suits filed

by them where they had clearly admitted that the drawings were not capable of being registered under the Designs Act. He had also relied on the

decision of the Supreme Court in *S.P. Chengalvaraya Naidu v. Jagannath & Ors.*: AIR 1994 SC 853 to contend that that the plaint was liable to be

dismissed as it amounted to playing a fraud. In addition, Mr Haksar had pointed out that the plaintiffs had obtained an interim injunction on the basis of

submitting misleading comparative photographs of the "Bucket" which was a component of the Product. He submitted that subsequently the suit

was amended and the plaintiffs now claim that only the teeth appeared to have been copied.

27. This Court is not persuaded to accept the contention that the present suit is liable to be dismissed on the ground of fraud. Undoubtedly, the

pleadings made by the plaintiffs in CS(OS) 566 of 2006 are relevant and it also appears that the stand of the plaintiffs in that suit and the present suit

are in variance. However, this Court is unable to accept that non-disclosure of the said action amounts to a fraud. The question whether the

averments made in the suit are to be accepted in view of the stand taken by the plaintiffs in an earlier suit, requires examination and would be

considered after the plaintiffs have had an opportunity to explain their averments. However, the present proceedings cannot be dismissed at the

threshold.

The defendant's grievance that the plaintiffs had obtained an interim injunction on the basis of certain allegations that were subsequently withdrawn,

is understandable. However that would not warrant dismissal of the suit at the threshold. The decision in the case of *S.P. Chengalvaraya Naidu*

(supra) has no application in the facts of the present case.

28. In *S.P. Chengalvaraya Naidu* (supra), the Supreme Court was concerned with a preliminary decree obtained by the predecessor of the

respondents therein (Jagannath). Jagannath had purchased a property in auction as a benami of his principal (Chunni Socar) and had subsequently

relinquished his all rights in the said property in favour of his principal. Thus, indisputably Jagannath did not have any right, title or interest in the

property in question; nonetheless, Jagannath filed a suit for partition and obtained the preliminary decree in respect of the said property without disclosing that he had executed a relinquishment deed in respect of this property. It is, in this context that the Supreme Court had held that Jagannath had procured the preliminary decree by playing a fraud on the Court and litigation cannot be made an engine of fraud. There can be no quarrel as to this principle as set down by the Supreme Court. However, the same is clearly not applicable in the facts of the present case. The question whether a copyright subsist in the drawings as claimed by the plaintiffs and the question whether any registration in respect of designs for parts of the Product could be granted to the plaintiffs are contentious issues. The fact that the stand of the plaintiffs in Suit (CS(OS) 566 of 2006) appears to be contrary to their stand in the present suit, cannot at the threshold lead to the conclusion that the present suit is an engine of fraud. The effect of the pleadings in the earlier actions instituted by the plaintiffs would necessarily have to be evaluated. However, non-disclosure of a previously instituted suit against the third party, although material, does not render the present proceedings as fraudulent.

29. The contention that this Court does not have any territorial jurisdiction is also unpersuasive. It is not disputed that the defendants are selling the infringing Product within the National Capital Territory of Delhi and thus, indisputably, part of the cause of action has arisen within the territorial jurisdiction of this Court.

30. The controversy that now remains to be addressed is essentially narrowed down to three questions. First, whether by virtue of Section 15(2) of the Copyright Act, the copyright in respect of the designs of the parts of the Product have ceased. Second, whether by virtue of Section 52(1)(w) of the Copyright Act, the plaintiffs are precluded from claiming infringement of their copyright in the technical drawings relating to the parts of the Product in question. And third, whether suit is liable to be dismissed under Order XII Rule 6 of the CPC on the basis of (i) admissions as contained in the prior suits instituted by the plaintiffs, CS(OS) 566 of 2006, and/or the suit instituted by the joint venture company (Escorts JCB Ltd. being CS(OS) 959 of 1998); and (ii) admissions contained in the technical report.

31. By virtue of Section 15(2) of the Copyrights Act, copyright in any design,

which is capable of being registered under the Designs Act but has not been so registered, shall cease as soon as an article to which the design has been applied is reproduced more than fifty times by an industrial process.

Section 15 of the Copyright Act is set out below:

15 Special provision regarding copyright in designs registered or capable of being registered under the [***] Designs Act, 1911. 15

(1) Copyright shall not subsist under this Act in any design which is registered under the Designs Act, 2000 .

(2) Copyright in any design, which is capable of being registered under the Designs Act, 2000 , but which has not been so registered, shall cease as soon as any article to which the design has been applied has been reproduced more than fifty times by an industrial process by the owner of the copyright, or, with his licence, by any other person.

32. According to the plaintiffs the expression "copyright in any design" as used in Section 15(2) of the Copyright Act is different from the copyright in the original artistic work. They claim that even if a part has been manufactured more than fifty times by an industrial process, the original copyright in the technical drawings would subsist even though the copyright in the design applied to the article in question would cease.

33. At this stage, it would be relevant to refer to Section 2(d) of the Designs Act, which defines the term "design" to mean as under:-

(d) "design" means only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined in clause (v) of sub-section

(1) of section 2 of the Trade and Merchandise Marks Act, 1958 (43 of 1958) or property mark as defined in section 479 of the Indian Penal Code (45 of 1860) or any artistic work as defined in clause (c) of section 2 of the Copyright Act, 1957 (14 of 1957).

34. It is apparent from the above that the term "design" means only features of shape, configuration, pattern, ornament or composition of lines or

colours applied to any article and does not include any artistic work as defined under Section 2(c) of the Copyright Act. Clearly, the expression

“copyright in any design” would necessarily exclude copyright in an “artistic work” because “artistic works” as defined under Section

2(c) of the Copyright Act are excluded from the definition of “design” under Section 2(d) of the Designs Act.

35. Section 14 of the Copyright Act defines the scope of the term “copyright” in relation to (a) literary, dramatic or musical work, not being a

computer program; (b) a computer program; (c) an artistic work; (d) a cinematography film; (e) a sound recording. However, Section 14 of the

Copyright Act does not define or indicate the meaning of the word “copyright” in relation to a “design”. The said term is defined under

section 2(c) of the Designs Act, which defines the term “copyright” in relation to a “design” as under:-

“(c)copyright” means the exclusive right to apply a design to any article in any class in which the design is registered.”

36. If the expression copyright in any designs as used in Section 15(2) of the Copyright Act is understood as copyright as defined under Section 2(c)

of the Designs Act, the import of Section 15(2) of the Copyright Act would be that a person would lose the exclusive right to apply a design(which is

capable of being registered under the Designs Act but has not been so registered) to an article to which the design has been applied if the article is

produced more than fifty times by an industrial process. This does not imply that the copyright in an artistic work on the basis of which design are

created and applied to an article, also ceases.

37. The Division Bench of this Court in *Microfibres Inc. v. Girdhar and Co. and Anr.* (supra) had held that there was a clear distinction between an

original artistic work and the design derived from it for an industrial application on an article. The relevant extracts of the said decision are set out

below:-

“23. There is, therefore, a clear distinction between an original artistic work, and the design derived from it for industrial application on an article.

This position is clarified by the use of the expression “only” before the words “the features of shape, configuration, pattern, ornament or composition of

lines or colours” in the definition of “design” in the Designs Act. Therefore, the

original artistic work, which may have inspired the creation of a design, is not merely the feature of shape, configuration, pattern, ornament or composition of lines or colours which are created to apply to an article by an industrial process. The original artistic work is something different from the design. Secondly, the definition of "design" expressly excludes, inter alia, any artistic work defined in section 2(c) of the Copyright act, 1957.

24. It needs to be emphasized that it is not necessary that in every case a design has to be preceded by an artistic work upon which it is founded. A

craftsman may create a design without first creating a basic artistic work. This may best be illustrated by a weaver who may straightaway create a design while weaving a shawl, which product could be created even without the basic artistic work.

25. Whether or not a design is preceded by an original artistic work, a design would, in its own right qualify to be termed as an artistic work within the

meaning of Section 2(c) of the Copyright Act. This is so because the expression 'artistic work' as defined in Section 2(c) of the Copyright Act bears a

wide definition to mean a painting, a sculpture, a drawing (including a diagram, map, chart or plan), an engraving or a photograph, whether or not any

such work possesses artistic quality. However, the design may or may not enjoy a copyright protection under the Copyright Act, depending on

whether it is an 'original artistic work' or not.

26. The expression "copyright in any design" used in Section 15(2) means the copyright as understood under the Copyright Act, and not under the

Designs Act. This is evident from the expression "copyright shall not subsist under this Act" used in sub-section (1) of Section 15. However,

copyright in an artistic work subsists provided it is an original artistic work. Therefore, there can be no claim for Copyright under the Copyright Act in

an artistic work which does not have the quality of possessing originality. The holder of a copy of an original artistic work cannot claim copyright

protection. Therefore, to be entitled to protection under the Copyright Act, the design should have originality. That is not to say that if the design is not

entitled to copyright protection under the Copyright Act, on account of it not possessing originality vis-à-vis the original artistic work, the design does

not require, or cannot be granted registration under the Designs Act for it to be entitled to protection under the Designs Act.

27. Under the Designs Act, a copyright has a different connotation from a copyright under the Copyright Act. Under the Designs Act, copyright

means the exclusive right to apply the design to any article in any class in which the design is registered.

28. The issue with regard to the extent of, and the conditions for the copyright protection to such an artistic work, as an artistic work under the

Copyright Act, which is a design registered or capable of registration under the Designs Act, is what is dealt with, by section 15 of the Copyright Act.

Once the distinction between the original artistic work and the design derived from it, and the distinction between Copyright in an original artistic work

under the Copyright Act, and a copyright in a design under the Designs Act is appreciated, the meaning and purport of section 15 of the Copyright Act

becomes clear.

29. Section 15 of the Copyright Act is in two parts. The first part i.e. sub-section (1) states that copyright shall not subsist under the Copyright Act in

any design which is registered under the Designs Act. Consequently once the design is created and got registered under the Designs Act, whether or

not the design is eventually applied to an article by an industrial process, the design loses its protection as an artistic work under the Copyright Act.

Therefore, subject to whatever rights that are available under the Designs Act, the registered design holder cannot claim protection or complain of

copyright infringement in respect of the registered Design under the Copyright Act.

30. Subsection (2) of section 15 deals with the situation where the design, which is capable of being registered under the Designs Act, is not so

registered. It provides that copyright in such a design shall cease as soon as any article to which the design has been applied has been reproduced

more than 50 times by an industrial process by the owner of the copyright or with his licence, by any other person. It is clear to us that the Parliament

in Section 15 of the Copyright Act was dealing with the aspect of copyright in a registered/registrable design, as understood in the Copyright Act and

not the Designs Act. Else, there was no need to deal with this aspect in the Copyright Act. The same would have been dealt with under the Designs

Act. Therefore, the law tolerates only a limited industrial, or shall we say commercial, exploitation of the original artistic work by the

application/reproduction of the said work in any other form or reproduction of copies thereof in exercise of the rights under Section 14(c)(1) and 14(c)

(iii) of the Copyright Act. Beyond the specified limit, if the design derived from the original artistic work is exploited (i.e. if the design is applied more

than 50 times by an industrial process on an article) the copyright in the design ceases unless it is registered under the Designs Act.

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35. However, there can be no quarrel with the plea of Shri Ramachandran that the operation of Section 15(2) of the Copyright Act does not exclude

from the ambit of Copyright protection either the original ""artistic work"" upon which the design is based or the design which by itself is an artistic

work. It cannot be disputed that the original paintings/artistic works which may be used to industrially produce the designed article would continue to

fall within the meaning of the artistic work defined under Section 2(c) of the Copyright Act, 1957 and would be entitled to the full period of copyright

protection. This is also evident from the definition of the design under Section 2(d) of the Designs Act. This, in our view, in fact is a factor which

would go against the appellants in construing the nature of protection to be given to the original artistic work such as a painting, as contrasted with the

applied artistic work that is the design, which in the present case does not mean the intermediary medium such as a mould, engraving

devised/produced only to enable industrial application of the painting to produce the furnishing products of the appellant. Thus, while the original

painting would indeed be entitled to the copyright protection, the commercial/ industrial manifestation of such paintings such as the design derived from

and founded upon the original painting for the purpose of industrial production of furnishings would only be covered by the limitations placed in Section

15 of the Copyright Act and would get protection if registered as a design under the Designs Act but would enjoy lesser period of protection in case of

a registered design.

36. This clearly shows that the legislature intended that even if the artistic work such as a painting has been used as the basis for designing an

industrially produced object for commerce, such as the furnishing in the present case, nevertheless the original painting would indeed enjoy full

copyright protection, while the result of the industrial application of such

painting, namely, the design used in the industrial production of the ultimate product shall enjoy lesser period of protection as stipulated under the Designs Act provided it is registered as a design under the Designs Act. Thus, we are of the view that an original artistic work initially acquires protection under the Copyright Act as an "artistic work" or else the protection under the Designs Act qua the product created from the artistic work when industrially applied.

37. Dr. Abhishek Manu Singhvi, the learned Senior Counsel appearing for the respondent in FAO (OS) No.447/2008 had submitted, and in our view

rightly so that the object of the two legislations was to prevent long term usage by the person who was commercially exploiting something and yet

wanting to claim an exclusive monopoly through longer period of copyright protection afforded to an artistic work. Section 15 of the Copyright Act

demonstrates the legislative intention of integrating the Copyright and Designs Acts and any other interpretation would, as rightly submitted by Dr.

Singhvi, render the registration under the Designs Act as meaningless as a design proponent will always get a longer period of copyright protection

under the Copyright Act. In our view, the above plea would make a registration under the Designs Act meaningless, which the legislature could have

never intended. In fact, the plea of Dr. Singhvi that a design which has been granted the protection under the Designs Act cannot be granted

protection under the Copyright Act is correct and this is evident from Section 15(1) of the Act.

38. Thus, while it is not open to the respondent to reproduce such paintings per se, which formed the basis of the design that was applied to the fabric,

nevertheless, such protection qua the design imprinted on the product through industrial application is available only under the Designs Act, provided

there is a registration. This is precisely why the legislature not only limited the protection by mandating that the copyright shall cease under the

Copyright Act in a registered design, but in addition, also deprived copyright protection to designs capable of being registered under the Designs Act,

but not so registered, as soon as the concerned design had been applied more than 50 times by industrial process by the owner of the copyright or his

licensee. This clearly indicates that the legislature intended to provide industrial and commercial application of an artistic work for commerce lesser

protection.

xxxx xxxx xxxx

46. We thus summarize our findings as follows: -

a. The definition of 'artistic work' has a very wide connotation as it is not circumscribed by any limitation of the work possessing any artistic quality.

Even an abstract work, such as a few lines or curves arbitrarily drawn would qualify as an artistic work. It may be two dimensional or three

dimensional. The artistic work may or may not have visual appeal.

b. The rights to which a holder of an original artistic work is entitled are enumerated in Section 14(c) of the Copyright act.

c. It is the exclusive right of the holder of a Copyright in an original artistic work to reproduce the work in any material form. For example, a drawing

of an imaginary futuristic automobile, which is an original artistic work, may be reproduced in the three-dimensional material form using an element,

such as a metal sheet.

d. The design protection in case of registered works under the Designs Act cannot be extended to include the copyright protection to the works which

were industrially produced.

e. A perusal of the Copyright Act and the Designs Act and indeed the Preamble and the Statement of Objects and Reasons of the Designs Act

makes it clear that the legislative intent was to grant a higher protection to pure original artistic works such as paintings, sculptures etc and lesser

protection to design activity which is commercial in nature. The legislative intent is, thus, clear that the protection accorded to a work which is

commercial in nature is lesser than and not to be equated with the protection granted to a work of pure art.

f. The original paintings/artistic works which may be used to industrially produce the designed article would continue to fall within the meaning of the

artistic work defined under Section 2(c) of the Copyright Act, 1957 and would be entitled to the full period of copyright protection as evident from the

definition of the design under Section 2(d) of the Designs Act. However, the intention of producing the artistic work is not relevant.

g. This is precisely why the legislature not only limited the protection by mandating that the copyright shall cease under the Copyright Act in a

registered design but in addition, also deprived copyright protection to designs capable of being registered under the Designs Act, but not so registered,

as soon as the concerned design had been applied more than 50 times by industrial process by the owner of the copyright or his licensee.

h. In the original work of art, copyright would exist and the author/holder would continue enjoying the longer protection granted under the Copyright

Act in respect of the original artistic work per se.

i. If the design is registered under the Designs Act, the Design would lose its copyright protection under the Copyright Act. If it is a design registrable

under the Designs Act but has not so been registered, the Design would continue to enjoy copyright protection under the Act so long as the threshold

limit of its application on an article by an industrial process for more than 50 times is reached. But once that limit is crossed, it would lose its copyright

protection under the Copyright Act. This interpretation would harmonize the Copyright and the Designs Act in accordance with the legislative intent.â??

38. In view of the above, merely because the parts of the Product have been manufactured by an industrial process more than fifty times would not

necessarily lead to the conclusion that the copyright in the technical drawings of the said parts has ceased.

39. The next question to be addressed is whether by virtue of Section 52(1)(w) of the Copyright Act, the manufacturing of the components in question

do not infringe copyright in the technical drawings of the said component. Section 52(1)(w) of the Copyright Act is reproduced as under:-

â??52 Certain acts not to be infringement of copyright.â??

(1) The following acts shall not constitute an infringement of copyright, namely:â??

â??(w) the making of a three-dimensional object from a two-dimensional artistic work, such as a technical drawing, for the purposes of industrial

application of any purely functional part of a useful device.â??

40. It is apparent from the above that making of three dimensional objects for the purpose of a purely functional part would not constitute infringement

of copyright. Thus, it would be necessary to address the controversy whether the part manufactured by the defendant is a â??purely functional

partâ?. The plaintiffs claim that even though the parts in question are functional, they, nonetheless, have certain aesthetic values and thus, are not

solely functional. Plainly, this is a question of fact that must be addressed after a full trial. The defendant's contention that the parts of the Products

are functional items and therefore manufacturing those parts would not amount to infringement of copyright in the technical drawings of those parts is,

prima facie, persuasive. However, this is a contentious question, which requires to be adjudicated. Plainly, the said suit cannot be dismissed as not

disclosing a cause of action or on the admission that the components of the Product are functional items.

41. The plaintiffs also contended that the section 52(1)(w) is not applicable by virtue of Section 79 of the Copyright Act.

Section 79 of the Copyright Act reads as under:-

79. Repeals, savings and transitional provisions. (1) The Indian Copyright Act, 1914 (3 of 1914), and the Copyright Act of 1911 passed by the

Parliament of the United Kingdom as modified in its application to India by the Indian Copyright Act, 1914 (3 of 1914), are hereby repealed.

(2) Where any person has, before the commencement of this Act, taken any action whereby he has incurred any expenditure or liabilities in

connection with the reproduction or performance of any work in a manner which at the time was lawful or for the purpose of or with view to the

reproduction or performance of a work at a time when such reproduction or performance would, but for the coming into force of this Act, have been

lawful, nothing in this section shall diminish or prejudice any rights or interests arising from or in connection with such action which are subsisting and

valuable at the said date, unless the person who, by virtue of this Act, becomes entitled to restrain such reproduction or performance agrees to pay

such compensation as, failing agreement may be determined by the Copyright Board.

(3) Copyright shall not subsist by virtue of this Act in any work in which copyright did not subsist immediately before the commencement of this Act

under any Act repealed by sub-section (1).

(4) Where copyright subsisted in any work immediately before the commencement of this Act, the rights comprising such copyright shall, as from the

date of such commencement, be the rights specified in section 14 in relation to the class of works to which such work belongs, and where any new

rights are conferred by that section, the owner of such rights shall beâ?

(a) in any case where copyright in the work was wholly assigned before the commencement of this Act, the assignee or his successor-in-interest;

(b) in any other case, the person who was the first owner of the copyright in the work under any Act repealed by sub-section (1) or his legal

representatives.

(5) Except as otherwise provided in this Act, where any person is entitled immediately before the commencement of this Act to copyright in any work

or any right in such copyright or to an interest in any such right, he shall continue to be entitled to such right or interest for the period for which he

would have been entitled thereto if this Act has not come into force.

(6) Nothing contained in this Act shall be deemed to render any act done before its commencement an infringement of copyright if that act would not

otherwise have constituted such an infringement.

(7) Save as otherwise provided in this section, nothing in this section shall be deemed to affect the application of the General Clauses Act, 1897 (10 of

1897), with respect to the effect to repeals.â??

42. It is apparent from the plain reading of Section 79(2) of the Copyright Act that the same has no application in the facts of the present case and the

reference to Section 79 of the Copyright Act is misplaced.

43. The next question to be addressed is whether the suit is liable to be dismissed on account of admissions contained in the suits instituted previously. In

order to address the first question whether the suit is to be dismissed on the basis of the pleadings in the prior suit, it would be necessary to refer to the

relevant pleadings. In the previous suit instituted by the plaintiffs (CS(OS) 566 of 2006), the plaintiffs had, inter alia, pleaded as under:-

â??14. As mentioned above, the unique configurations of the Product obtained by the Second Plaintiff were all reduced to writing in the form of

industrial drawings. All these drawings were made by the in-house Research and Development Department of the First Plaintiff herein. By virtue

thereof the Plaintiffs have a copyright in these original industrial drawings used in the manufacture of the Product and its parts. Copies of some of the

said drawings are being filed in these proceedings.

15. By virtue of ownership of copyright in the drawings and by virtue of the

provisions of The Copyright Act, 1957 the Plaintiffs have inter alia the /
exclusive right to reproduce the work in any material form including depiction in
three dimensions of a two dimensional work.

16. It is clarified that the copyrights in question or indeed the three dimensional
reproduction of the same, are incapable of being registered under the
Designs Act, 1911 or under the Designs Act, 2000. This is not owing to the fact
that the drawings are not new or novel or original, but due to fact that
the industrial drawings and the finished products produced with the help of the
drawings are all functional items and would not qualify as ""designs"" as
defined under Section 2(d) of The Designs Act, 2000. All the components in
which the Plaintiffs are claiming copyrights have been specially
developed to increase the efficiency of the finished product. The Defendants are
therefore not only infringing the copyright of the Plaintiffs but are
also in this manner passing off and/or attempting to pass off their products as
those of the Plaintiffs.â??

44. It is seen that there is unequivocal admission that the parts of the Backhoe
loader are functional items and do not qualify as designs as defined
under Section 2(d) of the Designs Act. It has been earnestly contended on behalf
of the plaintiffs that the said statement is a misstatement of law.

However, this Court is not persuaded to accept that the statement made by the
plaintiffs in the above pleadings is a mere statement of law. The

statement that the drawings are functional items is a statement of fact. The
statement that the items in question do not qualify as designs under

Section 2(d) of the Designs Act is also a statement of fact as it is based on the
assertion that the item in question are functional items. In the written

submissions dated 06.12.2016 filed by the plaintiffs, it has also been expressly
stated that â??what is registrable under the Designs Act, 2000 is a

question of fact to be determined on a case to case basis taking into account
factors such as whether the finished article appears (sic) to and is judged

solely by the eye i.e. has aesthetic features, or whether the article is merely
functional/purely functional or whether it has both functional and has

aesthetic features.â? Thus, even in the written submissions, the plaintiffs have
expressly conceded - and i rightly so - that the question whether an

article is registrable under the Designs Act is a question of fact. This statement
(made in the additional written submissions) runs contrary to their

earlier submissions that the statement made in the pleadings is a misstatement of law. It was also contended on behalf of the plaintiffs that the fact that certain designs have been registered clearly indicate that their statements made in the pleadings in the suits instituted previously were ex facie erroneous. This contention is also unpersuasive. One of the principal controversy in the present suit is whether the designs which have been registered in favour of the plaintiffs (the infringement of which is alleged) are valid registrations or not. The fact that such registrations have been granted begs the question and therefore, plainly, would not be relevant in deciding the said controversy.

45. Having stated the above, it is also trite law that an admission is only a piece of evidence and the weight attached to such admission must depend

on the circumstances in which the same have been made. In *Nagubai Ammal & Ors. v. B. Shama Rao & Ors.*: 1956 SCR 45,1 the Supreme

Court had observed that “An admission is not conclusive as to the truth of the matters stated therein. It is only a piece of evidence, the weight to be

attached to which must depend on the circumstances under which it is made. It can be shown to be erroneous or untrue, So long as the person to

whom it was made has not acted upon it to his detriment, when it might become conclusive by way of estoppel.”

46. In the present case, the pleadings relied upon are in another suit and the plaintiffs must have full opportunity to explain the same at the time of trial.

47. In the present case, there is yet another aspect that would require a further determination and that is whether the parts of the Product are similar

or identical to the parts in the context of which the previous suit has been instituted by the plaintiffs. Further, this Court would also have to examine

whether the copyright in respect of drawings, which were the subject matter of CS(OS) 566 of 2006 are similar or identical to the designs / copyright

as claimed in the present suit.

48. It is also well settled that Order XII Rule 6 of CPC enables the court, in its discretion, to pass a decree on admission but it is not mandatory to do

so. In *S.M. Asif v. Virender Kumar Bajaj* : (2015) 9 SCC 287, the Apex Court observed that:-

“8. The words in Order XII Rule 6 CPC “may” and “make such order” show that the power under Order XII Rule 6 CPC is

discretionary and cannot be claimed as a matter of right. Judgment on admission is not a matter of right and rather is a matter of discretion of the

Court.â??

49. A Division Bench of this Court, in Charanjit Singh v. Kehar Singh : (2006) 90 DRJ 268 (DB), also observed as under:-

â??8. It is also a settled principle of civil jurisprudence that judgment on admission is not a matter of right and rather is a matter of discretion of a

Court. Where the defendant has raised objection which will go to the very root of the case, it would not be appropriate to exercise this discretion. The

use of the words â??Mayâ? and â??make such ordersâ? or â??give such judgmentâ? spells out that power under these rules are discretionary and

use of discretion would have to be controlled in accordance with the known judicial cannons. The cases which involves questions to be decided upon

regular trial and the alleged admissions are not clear and specific, it may not be appropriate to take recourse to these provisions.â??

50. In view of the above, the applications are dismissed. The parties are left to bear their own costs.