

(1998) 07 DEL CK 0021

In the Delhi High Court

Case No : IA No"s. 12385/96 and 10485/97 in S.No. 3032/96

Metro Plastic Industries (Regd.)

APPELLANT

Vs

M/s. Galaxy Footwear

RESPONDENT

Date of Decision : 01-07-1998

Acts Referred:

Citation : (1998) 46 DRJ 266

Hon'ble Judges : S.N. Kapoor, J

Bench : Single Bench

Advocate : Mr. S.K. Bansal, for the Appellant; Mr. Ajay Sahni, for the Respondent

Judgement

S.N. Kapoor, J.—The plaintiff, a registered partnership firm, through its registered partner Sh.Surinder Singh Gandhi has filed Suit No.3032/96. The plaintiff firm seeks following reliefs:

(a) permanent injunction restraining piracy of infringement of the plaintiffs registered design No.169611 in Class-10 u/s 53 of the Designs Act, 1911 (hereinafter called "the Act" for short)

(b) mandatory injunction directing the defendants to deliver up as made in and render accounts and further to restrain passing off the defendants own goods as that of the plaintiff by the defendants.

Thus, it is a composite suit u/s 53 of the Designs Act, for action in passing off and for rendition of accounts etc.

1.2. The plaintiff firm claims to be engaged in business of manufacturing, marketing and selling of footwears. One such footwear of the plaintiff is popularly known as "Scandal". It has distinctive shape, design, configuration and surface pattern propounded and originated by the plaintiff. The plaintiffs said design is registered at No.169611 in Class-10 since 2nd August, 1995. The plaintiff is an inventor and originator of the said designed footwear in India. Their product on account of the aesthetic form of the design, shape and surface pattern offers

great fascination to the purchasers and the plaintiff has effected considerable sales of the said footwear throughout India. The plaintiff has the exclusive right to manufacture and sell the said product in view of the registration of the design in Class-10. The plaintiff has copyright in the design in terms of Section 47(i) of the Designs Act, 1911. The defendants are admittedly using the same or deceptively similar design in respect of the same class of goods. The plaintiff has come to know recently about the piracy being committed by the defendants in the first week of November, 1996. Accordingly, the plaintiff through mediators apprised the defendants about their legal and proprietary rights in the impugned design. But it is of no effect. Thus, action of the defendants amounts to infringement of copyright as well. It is claimed that the plaintiff is entitled to injunction, as prayed for, in terms, purpose and scheme of the Designs Act. Hence, the above mentioned suit has been filed seeking above mentioned reliefs.

2. is No.12385/96 has been filed seeking ad interim injunction under Order 39 Rules 1 and 2 CPC restraining the defendants from manufacturing, marketing, selling, advertising or offering for sale of the patterned/designed footwear and design identical to the plaintiff's said design No.169611 in Class-10.

3. The defendants are contesting the present suit as well as the application for grant of ad interim injunction inter alias on the ground that the impugned design lacks originality, for it was prior published design. The sister concern of the plaintiff itself has sold the said footwear bearing the impugned design "Scandal" on 5th July, 1995 vide invoice No.3510 in favor of M/s.National Footwear, Calicut. As such, the plaintiff not being the originator of the impugned design cannot claim the protection sought. The impugned registration does not have any distinctive shape, design, configuration or pattern which was not known prior to the date of prior publication. It has not generated any goodwill or reputation in the eyes of the public for neither any sale figure nor any advertisement expenses in respect of manufacture and sale of the said product bearing the impugned design has been claimed in the plaint. The plaintiff has no exclusive right to manufacture and sell the product having the impugned design. The plaintiff is definitely not proprietor of the said impugned registered design. The defendants have already challenged the same in a separate proceedings and as such, no right accrues to the plaintiff on the basis of the registration in respect of the said impugned registered design, the design being only of recent origin apart from being pre-known and prior published design.

4. I have heard the learned counsel for the parties at length and gone through the record.

5. In this case, there is no doubt in between the parties that the design of the plaintiff has been registered on 2nd August, 1995. It is also not being disputed that the defendants are using the said design. Section 2(5) of the Act defines a design. According to Section 2(14) of the Act "pro- prietor of a new or original design" means _ (a) where the author of the design for good consideration executes the work for some other person, means the person for whom the

design is so executed; and (b) where any person acquires the design or the right to apply the design to any article, either exclusively of any other person or otherwise means, in the respect and to the extent in and to which the design or right has been so acquired, the person by whom the design or right is so acquired; and (c) in any other case, means the author of the design; and where the property in, or the right to apply, the design has devolved from the original proprietor upon any other person, includes that other person." u/s 47(1) when a design is registered, the registered proprietor of the design shall, subject to the provisions of the Designs Act, have copyright in the design during five years from the date of registration of copyright may be extended in terms of sub-section (2) of Section 47 subsequent periods of five years each from the expiration of the original period of five years and this extension may be subject to any rules under the Act. Section 53 provides that during the existence of the copyright in any design it shall not be lawful for any person, except with the license or written consent of the registered proprietor to use or apply the said design after import for the purpose of sale of any article using the same design or any fraudulent or obvious imitation thereof. If any person acts in contravention of subsection (1) of Section 53 he shall be liable, for any contravention, to pay to the registered proprietor of the design a sum not exceeding five hundred rupees recoverable as a contract debt and the total sum recoverable in any such design under clause (a) of sub-section (2) of Section 53 of the Act shall not exceed one thousand rupees. Section 54 of the Act provides for application for certain provisions of the Act as to patents to designs and clarifies that the provisions of the Patents Act with regard to certificates of the validity of a patent, and to the remedy in case of groundless threats of legal proceedings by a patentee shall apply in the case of registered designs in like manner as they apply in the case patents, with the substitution of references to the copyright in a design for references to a patent, and of references to the proprietor of a design for references to the patentee, and of references to the designs for references to the invention.

6. Naturally, the provisions of Section 112 of the Patents Act are also attracted. But it is yet to be seen whether on facts of this case Section 112 of the Patents Act is applicable or not. It may be mentioned that in this case it is not the case of the infringing defendants that they are ready and willing to take a license upon terms to be settled by the controller as provided in Section 88 and on that ground no injunction could be granted against him. Therefore, while in terms of Section 47 of the Act read with Section 53(2) the defendant is not supposed to use registered design of the plaintiff, it is also true that there is no restriction on the Court in terms of Section 112 of the Patents Act on granting injunction against the defendant.

7. The defendants neither claims to be originator of the design nor they claim to have purchased it from any predecessor in any manner. The defendant does not disclose as to why he is using the said design and why he is insisting on using the design, for if a design is being copied by the defendants it is needed to be protected.

8. One of the contentions raised by learned counsel for the defendants is that the defendants have not given any figure about their sale, advertisement and the expenses incurred in that connection. On this basis it is submitted that the plaintiff did not acquire any distinctive reputation and as such they cannot claim any right over the same. In so far as the copyright u/s 47 of the Designs Act is concerned, it admits an exception where the registration itself could be challenged in terms of Section 51A of the Designs Act. Section 51A of the Designs Act reads as under:

"51A. Cancellation of registration - (1) Any person interested may present a petition for the cancellation of the registration of a design _ (a) at any time after the registration of the design, to the High Court on any of the following grounds, namely:_

(i) that the design has been previously registered in India; or

(ii) that it has been published in India prior to the date of registration; or

(ii) that the design is not a new or original design; or

(b) within one year from the date of the registration, to the Controller on either of the grounds specified in sub-classes (i) and (ii) of clause (a).

(2) An appeal shall lie from any order of the Controller under this section to the High Court, and the Controller may at any time refer any such petition to the High Court, and the High Court shall decide any petition so referred."

9.1. One of the contention of the learned counsel for the defendants is that the impugned design is a prior published design and an original one and it has been challenged by the defendants u/s 51A of the Designs Act. The registration of the design may be cancelled on the ground that it has been published in India prior to the date of registration or that the design is not a new or original design. Learned counsel for the defendants also relies upon one original invoice No.3510 dated 5th July, 1995 issued by M/s.Metro Enterprises, C-131, Naraina Industrial Area,Phase -1, New Delhi-110028 indicating sale of five dozen "Scandal" footwear for a sum of Rs.2,100/-. The address of the plaintiff and M/s.Metro Enterprises is same. No Explanation is being given.

9.2. The bill is disputed only on the ground that it has not been issued by the plaintiff and single transaction is not sufficient to indicate effective publication. This solitary invoice does not established prior publication much less an effective publication, for there has been no independent corroboration of the alleged publication; the impugned footwear is not embossed on the impugned invoice; the actual shoes sold under the invoice has not been produced; and the plaintiff has a range of footwears under the trademark "Scandal" and it could not be said that footwear involved in the registered design No.169611 has been sold under the said invoice.

9.3. In Niki Tasha India Pvt. Ltd. Vs. Faridabad Gas Gadgets Pvt. Ltd., , a Division

Bench of this Court comprised of Hon"ble Mr. Justice Avadh Bihari Rohtagi and Hon"ble Mr. Justice G.C. Jain observed that "every ground on which the registered design may be cancelled under the Act should be available by way of defense to a suit for infringement." Accordingly, it is required to be seen whether the invoice will provide appropriate defense or not.

9.4. In so far as the invoice relied upon by the defendant is concerned, if there is another concern at the same address in the same premises i.e. C-131, Naraina Industrial Area, Phase-1, New Delhi-110028 then the plaintiffs are supposed to know the concern. It is further notable that M/s.Metro Enterprises and M/s.Metro Plastic Industries (Regd.) were having one common telephone No.5436835. Besides, in the plaint the plaintiff pleaded in paragraph 3 that "one such footwear of the plaintiff is popularly known as "Scandal". The said footwear known as "Scandal" has a distinctive shape, design, configuration and surface pattern propounded and originated by the plaintiff." This definitely indicated that at that stage the case of the plaintiff was of only one "Scandal" footwear and not of a range of footwears under the trademark "Scandal". The above circumstances makes out a clear case of shifting stands to suit the exigencies of the time as well as prior publication by the sister concern of the plaintiff from the same premises. The fact that the plaintiff is vacillating and changing his stand from one footwear to a range of footwears under the name "Scandal" and without giving appropriate Explanation about existence of this other/sister concern at the same premises. Invoice No.3510 dated 5th July, 1995 definitely makes out a case of prior publication. This kind of conduct of the plaintiff firm indicates that the plaintiff firm has not approached the Court with clean hands. These facts are sufficient to accept the contention of the defendant that two concerns are sister concerns and there is a prior publication in regard to sale of "Scandal" footwear from the same premises by sister concern of the plaintiff. Now, coming to the argument of effective prior publication, firstly, Section 51A of the Act does not talk of effective or ineffective publication. Secondly, it is not required that the prior publication should be by the defendant himself, it could be by the sister concern. Thirdly, sale of five dozen footwear to one party amounts to effective publication of the design. Had the plaintiff come forward that though they are sister concerns were using the same trade name but shape and design was different one might have been inclined to accept the case of the plaintiff as a probable one.

9.5. Once it is inferred from the circumstances that the design was prior published design, the matter falls u/s 51A of the Act, for the sale took place on 5th July, 1995 while the registration took place on 2nd August, 1995.

9.6. It would not be out of place to refer to the observations of the Division Bench in M/s.Niky Tasha India Private Ltd. Vs. M/s.Faridabad Gas Gadgets Private Ltd. (supra) in paragraphs 9, 21 and 22 as under:

"9. ...Where you find a respectable and old established monopoly which has been in existence for years and not challenged there is no reason for the court to lean

too hardly against it, but when you find a recent monopoly which there has not yet been time to challenge sought to be enforced, the Court is inclined to take the view as a general rule, unless there are special circumstances to overcome it, that the title to the monopoly must be established before it interferes by interlocutory injunction..."

21. I cannot accept the argument that the plaintiffs on the strength of the registration certificate have an absolute right, a right which is good even against independent designers, "The Court is not in the habit of granting injunctions until the title has been established". The Court leans against monopolies". The certificate does not establish a conclusive right. It has to be tried and tested in the laboratory of courts. We must not forget that the registered design of the plaintiffs is of a very recent date. In case of a recent monopoly which is seriously disputed on various grounds such as prior publication, lack of originality, trade variation act. it will not be proper to grant an injunction. There is a serious question to be argued as to whether the design is valid or not, and on the facts I am not satisfied that the balance of convenience requires an interim injunction, particularly in view of the undertaking which the defendants are prepared to give.

22. Counsel for the plaintiffs says that the effect of Section 53 of the Act is to grant a statutory right to the person who happens to have got registered and that person has an absolute statutory right until the registration is set aside. I do not agree. The reason is that it really does not matter much in this case whether the defendants' defenses are considered in the infringement suit or in the cancellation application. The defense and the cancellation application are both before now. Whether in one form or the other there is a serious dispute as to whether the design is the proper subject of a monopoly. In the present case undoubtedly the design is a recent one, the monopoly of which is sought to be established. The principle which applies to the comparatively minor monopoly in designs" (Smith Vs. Grigg Ltd. 1924 (41) RPC 153. Applying the accustomed principles of Order 39 Rules 1 and 2 CPC it appears to me that the plaintiffs have failed to establish a case as would entitle us to grant an interlocutory injunction."

9.7. Ld. counsel for the plaintiff sought to distinguish this case on the ground that in the case of M/s.Niky Tasha India Private Ltd. vs. M/s.Faridabad Gas Gadgets Private Ltd. (supra), the suit was brought within two months of the grant of registration. While in the present case the design is dated 2nd August, 1995 and the suit was filed after about one and a half years. In that case the defendant himself has brought out the same design in January, 1983 prior to the grant of registration. While in the present case the defendant does not allege any such thing. In M/s.Niky Tasha India Private Ltd. vs. M/s.Faridabad Gas Gadgets Private Ltd. (supra)"s case there was corroborative piece of evidence in the shape of advertisement in the India Today. While in the present case there is no such advertisement. In that case 34 differences between the designs in question were pointed out. While in this case, no distinction is alleged. In that case the

suit was related to infringement of registered design. While in the present case it is not only infringement of design but also action of passing off. None of the alleged distinctions are sufficient to make out a case that it is not a prior published design. The submission about lack of advertisement is of no assistance in the present case, for neither the plaintiff himself mentioned the sale proceeds nor any expenses incurred on advertisement to indicate that the plaintiff has got specific reputation in the market of footwear.

9.8. The fact that the defendants have challenged the registration of the design in a separate proceedings is mentioned in paragraph 6 of the written statement dated 27th November, 1997. Obviously, though the date has not come on record as to when the challenge was made for the first time, it may be mentioned that a period of limitation of one year is provided in Clause (b) of Section 51A of the Act which is applicable only in respect of either of the grounds specified in sub-clauses (i) and (ii) of Clause (1). Thus, if the design is not new or original, then any person interested may present a petition for cancellation of the registration of a design at any time after the registration of the design to the High Court on the said ground. But when a design is either previously registered or published in India prior to the date of registration it will neither be a new nor original design. Thus, the period of limitation of one year from the date of registration is firstly of little consequence. Secondly, it may be a question of academic interest whether delay in making such pleas could be condoned or not. Thirdly, the defenses may even be raised after a period of one year from the date of registration. Moreover, if this defense could be taken in a case of infringement of design irrespective of the fact that whether cancellation of registration u/s 51A of the Act has been sought or not, then the said technical question loses its weight to ensure substantial justice in between the parties. There is yet another aspect. The registration certificate indicates that no claim is made by virtue of this registration in respect of any right to the exclusive use of the words, letters, numerals, flags, crowns etc. Besides, it appears from the certificate of registration of design dated 2nd August, 1995 that this certificate is not for use in legal proceedings or for obtaining registration abroad.

10. In so far as the question of passing off action is concerned, the plaint does not disclose that the plaintiff has acquired any reputation in the market by giving sale figures, expenses incurred on advertisement etc. Besides the fact that the sister concern was already using the trademark "Scandal" cuts at the very root of the claim of the plaintiff's exclusive use of the trademark "Scandal". Consequently, it become difficult to say that the plaintiff has got prima facie case to claim injunction.

11. However, from the case of the defendant also it is apparent that the defendant is using the design without claiming any license to use the design after accepting that this design is or was being used by the sister concern of the plaintiff by filing the invoice. Consequently, the user of the design and the same trade name by the defendant cannot be appreciated. It is bound to confuse the

customers.

12. For the foregoing reasons while I do not feel it appropriate to grant an interim injunction, yet in order to protect the interest of the plaintiff in case the plaintiff ultimately succeeds, I deem it desirable that the defendant must furnish quarterly statements of manufacture and sale of the "Scandal" footwear using the same design or using the said trade name "Scandal" and further furnishes security to the tune of Rs.1,00,000/- within four weeks to compensate the loss of the plaintiff in case they ultimately succeed. The order dated 11th December, 1996 is accordingly vacated subject to the terms imposed on the defendant. IAs No. 12385/96 & 10485/97 are disposed of accordingly.