

(2002) 02 GUJ CK 0066
In the Gujarat High Court
Case No : Civil Suit No's. 1 to 5 of 2002

Pravinbhai Jagjivandas Mehta

APPELLANT

Vs

Officine Lovato S.P.A.

RESPONDENT

Date of Decision : 01-02-2002

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 39 Rule 1, Order 39 Rule 2, Order 39 Rule 4
Designs (Amendment) Act, 2000 — Section 22
Designs Act, 1911 — Section 51A, 53

Citation : (2002) 25 PTC 161

Hon'ble Judges : M.S. Shah, J

Bench : Single Bench

Advocate : M.J. Thakor, S.N. Soparkar, Y.J. Trivedi and Sanjay A. Mehta, for the Appellant; H.P. Singh and Unmesh D. Shukla for Defendant No. 1 and Sunit S. Shah, for Defendant No. 2, for the Respondent

Judgement

M.S. Shah, J.

COMMON ORAL JUDGMENT & ORDER BELOW APPLICATIONS FOR INTERIM INJUNCTION

1. These applications are filed by plaintiff Mr. Pravinbhai J Mehta in five suits filed by him against defendant No. 1 Officine Lovato S.P.A. (the first defendant) u/s 22 of the Designs Act, 2000 (the Act). Since in all the five suits the parties are the same and common questions of law and fact arise for consideration, these applications have been heard together and are being disposed of by this common judgment and order.

2. The plaintiff claims to be engaged in the business of automobile spares. The plaintiff also claims to have invented and designed five specific designs in certain parts which are used for converting Compressed Natural Gas (CNG) and Liquified Petroleum Gas (LPG) as fuel for running automobiles. The details about the registration numbers, dates of application and the dates of registration are set out in a chart, which is annexed to this order and is to be treated as a part of

this order.

3. The plaintiff filed the present suits under Sub-section (1) of Section 22 alleging infringement by the defendants of five designs registered in his favour. The suits were originally filed before Ahmedabad City Civil Court as Civil Suits Nos. 5337, 5386, 5387, 5388 and 5390 of 2001. Since defendant No. 1 has already filed applications u/s 19 of the Act before the Controller of Designs, Calcutta for cancellation of the registrations granted in favour of the plaintiff and has raised common issues in the said cancellation proceedings and in the present suits also by orders dated 9.1.2002 the City Civil Court at Ahmedabad has transferred all these suits to this Court under the provisions of Sub-section (4) of Section 22 of the Act. The suits are accordingly renumbered as Civil Suits Nos. 1 to 5 of 2002.

PLAINTIFF'S CASE:

4. The plaintiff has come out with a common case in these suits that the plaintiff has come to learn that the first defendant has started manufacturing and marketing products of which the plaintiff has obtained registration under the Act and the first defendant is selling in Ahmedabad city through the second and third defendants. According to the plaintiff the defendants are committing infringement of plaintiffs registered designs without taking any licence, permission or consent from the plaintiff and, therefore, the defendants have rendered themselves liable for the infringement of the Copyright registered in favour of the plaintiff. According to the plaintiff, the cause of action for filing the suits arose on 26th November 2001 when the second defendant published an advertisement for the products manufactured and marketed by the first defendant through the second and third defendants for which products the plaintiff has already obtained registration of the designs under the Act. In para 7 of the plaint, the plaintiff has stated that the plaintiff has spent huge amount of time and money for invention and thereafter for the development of the said designs. The plaintiff has put in continuous efforts for the last number of years in this activity and has got the designs registered in his favour. The plaintiff has also contended that if the defendants are allowed to carry on such activity of selling the products bearing the designs registered in favour of the plaintiff, the plaintiff would suffer irreparable loss and injury, which cannot be compensated in terms of money inasmuch as the plaintiff would be deprived of fruits of efforts and money invested in designing and registering the designs in his favour and future business prospects of the plaintiff are also likely to be adversely affected, which cannot be compensated in terms of money. It is contended that since the newspaper advertisements were published on 26th November 2001 in the city of Ahmedabad, the Ahmedabad City Civil Court has the jurisdiction. In each of the five suits the plaintiff has prayed for the following three substantive reliefs:

(A) to restrain the defendants and their agents etc. from manufacturing and marketing or using the designs registered in favour of the plaintiff or any other identical or deceptively similar products.

(B) to direct the defendants to pay token damages of Rs. 50,000/- to the plaintiffs for the damage caused to the plaintiff on account of infringement of the plaintiffs registered designs.

(C) to direct the defendants to handover all the blocks, dyes, patterns, drawings etc. for destruction to the plaintiff.

5. In each of the five suits the plaintiff has also prayed for interim injunction (A) to restrain the defendants, their agents, etc. from manufacturing and marketing or using the designs in question registered in favour of the plaintiff or any other identical or deceptively similar products during the pendency of the suit. The plaintiff has also prayed for certain ancillary interim reliefs like (B) appointment of Court Commissioner to take inventory, etc.

6. The City Civil Court, Ahmedabad, granted ex pane ad-interim injunction in terms of aforesaid paragraphs (A) in Civil Suit No. 5337 of 2001 on 30th November 2001 and in the other four suits the ex-parte ad-interim order for appointment of Court Commissioner was also passed on 3.12.2001. Since defendant No. 1 was participating in an Automobile Fair being held at New Delhi, a modification was prayed for to permit the first defendant to display the products in question at such Fair and such modification was granted and subject to such modification the ex pane ad-interim injunction granted on 30.11.2001 and 3.12.2001 has continued till date.

DEFENCE OF THE FIRST DEFENDANT:

7. In all these suits the first defendant has filed written objection to the interim injunction applications broadly contending as under:

7.1. The first defendant is in the business of manufacturing automobiles for many years, that the first defendant has been manufacturing the products even before the plaintiff got the registration in his favour and that the first defendant got approval from the Ministry of Transport and Navigation, Italy, in the form of certificates issued by the said authority on 19.2.1997 for all the products in question. The first defendant has also produced a number of documents in support of its case that the first defendant is in the business of manufacturing and marketing CNG and LPG converters of which the products in question form part. The plaintiff had thus applied for registration of the designs in question long after registration of the designs in favour of the first defendant. The first defendant has also relied on catalogues containing reference to the products in question and also drawings and diagrams. The first defendant has also produced copies of the invoices between May 1998 and December 1999 in support of its statement that the first defendant has been manufacturing and marketing the products in question even before the plaintiff applied for registration under the Designs Act or the Copyright Act. The first defendant has also produced certificates of registrations of the designs, which are. registered with Patent Office (Design Office) of India informing the first defendant on 12th July 2001.

7.2. The first defendant has denied the plaintiffs averments that he has spent huge amounts for the alleged invention or the development of the designs or that he has put in efforts for the designs of the products in question. It is the case of the first

defendant that the registered designs in question are total copies of the designs prepared by the first defendant, which are in existence long before the plaintiff applied for the registration of the same.

7.3. The second defendant was acting as the sole selling agent of the first defendant-company from the year 1995 and that the products in question manufactured by the first defendant were being sold to the second defendant by virtue of an agency agreement, which came to be cancelled by the first defendant by letter dated 13.11.2001; that chairman of the second defendant, Mr. Tushar Kothari and the plaintiff are very close relatives; the present suits have been engineered by the second defendant with a view to settle his vengeance against the first defendant (which has terminated the agency vide letter dated 13th November 2001) and, therefore, the suits are filed on 30th November 2001 onwards.

7.4. When the first defendant came to know about the designs in question having been registered in favour of the plaintiff, the first defendant deputed three persons to meet the plaintiff at the address given in the plaint, which turned out to be the residential address of the plaintiff. Those three persons were then asked to meet the plaintiff at a particular address in Mumbai where the plaintiff replied that he is not manufacturing or selling any goods and that he is only helping the second defendant of which his relation Mr. Kothari is Chairman and that the goods are being manufactured and sold by the second defendant and are available at Ahmedabad and Pune.

7.5. The first defendant has prayed for vacating the ex parte ad-interim injunction.

8. As far as the second defendant - Rutu Auto Gas Pvt. Ltd. is concerned, chairman - Mr. Tushar Kothari has filed a statement dated 19.12.2001 in each of the suits contending that the second defendant is unnecessarily impleaded in the suits and in the applications for interim relief. It is stated that before the first defendant purported to terminate the sole distributorship of the second defendant, the second defendant had moved an arbitration in October 2001. In short, the second defendant has not filed any written statement or reply to the plaint or injunction application in any suit and has merely prayed for deletion of his name from the arena. The third defendant is only a shop keeper and he has not filed any reply to the suit or interim injunction application.

9. The plaintiff has filed his rejoinder affidavit to the objections of the first defendant and has not admitted the averments made by the first defendant in the written objections. The plaintiff has stated in the rejoinder that he is not concerned with what has transpired between the first defendant and the second

defendant. It is contended by the plaintiff that since the registered designs in question are registered in his name, the defendants have no right to manufacture or market any products on the basis of the said designs.

SUBMISSIONS:

10. Mr. M.J. Thakor, Mr. S.N. Soparkar, Mr. Y.J. Trivedi and Mr. Sanjay Mehta, learned counsel for the plaintiff, have addressed at length for confirmation of the ad-interim relief as already operating. Mr. Sunit Shah, learned counsel for the second defendant has reiterated that the second defendant may be deleted from the arena.

The thrust of the contentions urged by the learned counsel for the plaintiff is that since the plaintiff has registered designs in his favour under the Designs Act as well as the Copyright Act, he has absolute right to prevent the defendants from manufacturing or producing the products with designs deceptively similar to those of the plaintiffs. Reliance has been placed on the decision of the Calcutta High Court in Rotomac Pens Ltd. v. Milap Chand & Co. as cited in Ahuja's Intellectual Properties Cases (Volume 4, No. 6 Sept/Oct. 1999) : 1999 PTC (19) (Cal) 757 and also on the decisions of the Allahabad High Court reported in AIR 1934 All 738, AIR 1934 Lah 7, 1997 PTC 50, Lallubhai Chakubhai Jariwala Vs. Chimanlal Chunilal and Co., , Poddar Tyres Ltd. Vs. Bedrock Sales Corporation Ltd. and Another, , Rupa and Co. Ltd. and Another Vs. Dawn Mills Co. Ltd. and Another, , AIR 1941 Bom 148.

11. On the other hand, Mr. H.P. Singh, learned Counsel with Mr. Umesh D. Shukla, for the first defendant, have vehemently opposed the applications for interim injunction and have made the following submissions:-

11.1. The designs being relied upon by the plaintiff were published by the first defendant in India as well as in many other countries including Italy prior to the date of registration in favour of the plaintiff. The designs registered in favour of the plaintiff are not new or original designs but they are merely copies of the designs made by the first defendant, which is in business since 1958 and which has been selling these products in India since 1995, The first defendant has also filed applications for cancellation of the designs registered in favour of the plaintiff by taking out appropriate proceedings u/s 19 of the Act before the Controller of Designs at Calcutta. In view of the provisions of Sub-section (3) of Section 22 of the Act, all the grounds on which the first defendant has prayed for cancellation of the designs registered in favour of the plaintiff u/s 19 of the Act are available to the first defendant as grounds of defence in these suits. Strong reliance has been placed on the decisions of Delhi High Court in Niki Tasha India Pvt. Ltd. Vs. Faridabad Gas Gadgets Pvt. Ltd., and also on the Full Bench decision of Delhi High Court in Metro Plastic Industries v. Galaxy Footwear, New Delhi 2000 PTC 1, S.S. Products of India v. Star Plast 2001 PTC 835 (Del) and IndoAsahi Glass Co. Ltd. v. Jai Mata Rolled Glass Ltd 1996 PTC (16) 220.

11.2. Reliance is also placed on several decisions of Delhi High Court, Madras

High Court and also on the decisions of the Supreme Court on the question of grant of interim injunction and also in support of the contention that the plaintiff who has suppressed material facts is not entitled to any relief.

11.3. Even if the plaintiff ultimately succeeds in the suit, he is not going to suffer any loss which cannot be compensated in terms of money and the balance of convenience is also in favour of the first defendant and against the plaintiff. Reliance is placed on" the figures of turnover for the products being manufactured by the first defendant and being marketed in India from 1995 onwards, which are as under:-

Year	Euro	INR
1995	12,896	5,41,632
1996	69,547	29,20,974
1997	2,22,214	93,32,988
1998	10,90,320	4,57,93,440
1999	27,14,190	11,39,95,980
2000	23,54,144	9,88,74,048
2001	13,10,264	5,50,31,088

11.4. As against the above figures produced by the first defendant the plaintiff has not even started manufacturing any products much less the products for which he claims registered designs. The plaintiff has not spent any money either for alleged invention or for any marketing or advertisement of the products in question. The plaintiff does not even have any manufacturing plant or property where he can manufacture the products in question. Hence, if the ad-interim injunction is confirmed and the suits are ultimately dismissed, the first defendant would suffer huge losses running into crores of rupees for which the plaintiff will not be in a position to compensate the first defendant. On the other hand, the first defendant is prepared to submit periodical accounts for the sale of the products in question and ultimately if the plaintiff succeeds in the suit, the plaintiff will be entitled to get only the profits on the basis of the turnover of the sales of such products.

12. In rejoinder, the learned counsel for the plaintiff have made an attempt to show that the designs being relied upon by the first defendant as having been published before the registration of the designs in favour of the plaintiff are not the same as the plaintiffs designs and that they are materially different. In any view of the matter, the very fact that the first defendant applied for registration of the same designs in July 2001 and that the first defendant could have and would have applied for only new designs, it shows that those designs were not published before July 2001 and that in this view of the matter even according to the case of the first defendant itself, the plaintiffs designs were not old designs. When the plaintiff has registered designs in his favour for the products in question, the plaintiff is not bound to carry on business or to commence manufacturing activity. The plaintiff was waiting for issuance of formal certificate of registration of the designs, which he obtained sometime in the year 2001 and that he had to complete the formalities about Government approval for starting the manufacturing operations. In any view of the matter the very fact that the plaintiff has got registered the designs in his favour for the products in question, the defendants cannot be permitted to manufacture or market the products with the same designs until the designs registered in favour of the plaintiff are

cancelled by the " competent authority in appropriate proceedings under the Act.

DISCUSSION:

13. Having heard the learned counsel for the parties it appears to the Court that it is not necessary to refer to or discuss various authorities cited at the Bar regarding interpretation of provisions of Sections 51A and 53 of the Designs Act, 1911 as the controversy in question is governed by the provisions of the Designs Act, 2000, (new Act or 2000 Act) which contain certain provisions, which were not to be found to be in the Designs Act, 1911 (old Act).

14. Before quoting those provisions, the controversy may briefly be set out as under:-

In Niky Tasha India Pvt. Ltd. (supra) the Division Bench of the Delhi High Court had taken the view that the Court will not grant an interlocutory injunction at the instance of a party holding a registered design where the design is of a recent date and there is a serious question as to the validity of the design to be tried in the suit and the application for cancellation has been made. Where a person is entered as a proprietor of a registered design under the Act, that is no conclusive proof that the plaintiff is the proprietor of the design but it is only a prima facie evidence that he is, the proprietor. It will be odd to hold that on the strength of a recent registered design, the plaintiff can claim an absolute right to restrain everyone else from carrying on his business unless and until the registered design of the plaintiff is cancelled in appropriate proceedings by a competent court of law.

On the other hand a Division Bench of the Calcutta High Court in the case of Rotomac Pens Limited v. Milap Chand & Co. IPLR (1999) April 149 : 1999 (19)PTC 757(Cal) held that the view of the Delhi High Court in Niky Tasha Pvt. Ltd. (supra) was not the correct view and that though there may be an application for cancellation of registered design u/s 51A of the old Act, till such time the cancellation takes place the registered holder of a design can u/s 53 of the old Act prevent any one from acting contrary or pirate the design, which stands registered with the Registrar. The Calcutta High Court further held that the defendants' claim of the invalidity of the plaintiffs registration on grounds of lack of originality and pre-publication were outside the purview of the Court u/s 53 of the old Act.

15. In the application for interim injunction in a suit complaining of infringement u/s 53 of the Design Act, 1911, a Full Bench of the Delhi High Court presided by Hon'ble Chief Justice, Mr. S.N. Variava (as His Lordship then was) considered both the above view points and came to the conclusion that both Sections 51A and 53 have to be read harmoniously and laid down the following principles:-

"In our view, these are matters where no hard and fast rule can be laid down. Section 53 creates a right in a registered owner. In the absence of an application for cancellation of the design such a right can be enforced and no defence can be

taken based on the ground of cancellation. But once an application for cancellation has been made then it would not be open for the Court, trying the Suit u/s 53, to turn a blind eye to the pendency of such application. In that case the Court must take into consideration all relevant facts which would include the grounds raised in the application for cancellation. The Court must then decide whether or not to grant an injunction in favour of registered owner. Such a decision must be made judicially. In such cases the Court would apply the principles which govern grant of injunction under Order 39 Rules 1 and 2, CPC. The grant or refusal of injunction must then be heard upon all relevant factors."

16. That decision of the Full Bench was rendered on 10th December 1999. Sections 19 and 22 of the Designs Act, 2000, contain similar provisions which were to be found in Sections 51A and 53 of the old Act; but Act of 2000 has incorporated the following additional provisions in Sub-sections (3) and (4) in Section 22:-

"22. Piracy of registered designs-

1) xxx xxx2) xxx xxx (3) In any suit or any other proceedings for relief under Sub-section (2), every ground on which the registration of a design may be cancelled u/s 19 shall be available as a ground of defence.

(4) Notwithstanding anything contained in the second proviso to Sub-section (2), where any ground on which the registration of a design may be cancelled u/s 19 has been availed of as a ground of defence under Sub-section (3) in any suit or other proceeding for relief under Sub-section (2), the suit or such other proceeding shall be transferred by the court, in which the suit or such other proceeding is pending, to the High Court for decision."

It is thus clear that the Legislature has not only accepted the principle laid down by the Full Bench of the Delhi High Court in Metro Plastic Industries" Case (supra) but has gone a step further and it is provided that every ground on which the registration of a design may be cancelled u/s 19 shall be available as a ground of defence in a suit u/s 22 of the Act complaining about piracy of the registered design. The Designs Act, 2000 does not provide that the defendant can plead any ground of cancellation as a defence only after filing an application for cancellation u/s 19 of the Act. However, it is not necessary to pursue the discussion further in as much as in each of the five suits, the first defendant has filed an application for cancellation of the registration in favour of the plaintiff and such applications u/s 19 of the Act before the Controller of Designs at Calcutta are pending before the said authority.

17. In view of the above quoted clear-cut statutory provisions of Sub-section (3) of Section 22, it is not possible to accept the contention urged by the learned counsel for the plaintiff that the factum of registration of designs in favour of the plaintiffs by itself is sufficient to entitle the plaintiff to get interim injunction against the defendants. As laid down by the Full Bench of the Delhi High Court, the Court must take into consideration all relevant facts, which would include the

grounds urged by the first defendant for cancellation of the registered designs in favour of the plaintiff. The Court must decide whether or not to grant injunction in favour of registered owner. Such a decision must be made judicially and in such cases the Court would apply the principles which govern grant of injunction under Order 39 Rules 1 and 2, CPC.

18. As per the settled legal position, in order to get an interim injunction, the plaintiff must satisfy the Court that:-

- (i) the plaintiff has a prima facie case;
- (ii) that if the interim injunction as prayed for is not granted, he will suffer irreparable loss or injury, which cannot be compensated in terms of money, and
- (iii) that the balance of convenience is in favour of the plaintiff and against the defendants.

19. As far as the question of prima facie case of the plaintiff is concerned, the learned counsel for the parties have attempted to make detailed submissions on merits of the controversy, which the Court is not inclined to enter into at this stage as the matter is pending before the Controller of Designs, Calcutta, and examination of that issue on merits would only amount to prejudging the issue which is pending before that Forum. However, for the limited purpose of the present interim injunction applications, the Court finds some substance in the grievance made on behalf of the first defendant that the plaintiff does not have any technical qualifications or experience on the basis of which the plaintiffs claim for invention and development of five designs in question could be accepted. The plaintiff is a relative of chairman of the second defendant company which was the sole selling agent of the first defendant for the last about seven years. The plaintiff himself has not commenced any business of his own or any manufacturing activity. In spite of specific posers made by the learned counsel for the first defendant, the plaintiff has not come out with any case for any preparations for manufacturing operations for the products in question. The plaintiff has not even produced any figures or evidence to show that he had invested any amount of money or energy for preparing the designs in question. It is, therefore, not necessary to go into the details of the question as to whether the design's published by the first defendant in the year 1997 or thereafter were the same designs, which were registered in favour of the plaintiff in the year 1999-2000. The plaintiff has thus not made out any case for interim injunction.

20. Apart from the fact that the decision of the Calcutta High Court in Rotomac Pens Limited (supra) is now not available to the plaintiff in view of the provisions of Sub-section (3) of Section 22 of the Designs Act, 2000, in that case after stating that the plaintiff pleaded was manufacturing pens and marketing them at a price of Rs. 14 each, the plaintiff also gave following particulars about its turnover and advertisement expenses as are clearly indicated in first para of the judgment of the Calcutta High Court:-

Year Turnover Advt. Expenses1995-96 2.20 lakhs1996-97 551.11 lakhs 217.74 lakhs1997-98(upto 30th Sept. 1997) 222.83 lakhs 74.86 lakhs

The plaintiff in that case had made substantial investment and developed the business and the defendant was alleged to have copied the designs registered in favour of the plaintiff and the defendant was selling the product in question at the price of Rs. 5 by using deceptively similar designs and name. Hence, the Division Bench of the Calcutta High Court made the following observations:-

"As opposed to the possible loss of the appellant's goodwill/reputation in its product, no such damage would be suffered by the respondent as cannot be compensated in damages if the appellant's suit is ultimately dismissed. It is on record that the respondent sells ball pens with different get ups under different names, such as Bozo, Solo, Sento, Perform, Corner and Royal."

21 In the facts of the present case, the plaintiff has not given any particulars about the business either of manufacturing or of marketing leave alone evidence, it is not even the case of the plaintiff that it has any business of manufacturing or marketing the products in question. On the other hand, the first defendant has come out with voluminous record pointing out that it is in the business of manufacturing and marketing CNG and LPG converters in automobiles from a date much prior to registration of the designs in favour of the plaintiff and with turnover running into crores of rupees. Confirming the ad-interim injunction during pendency of the suits is bound to cause substantial loss to the first defendant. The plaintiff is not in a position to show that if the ad-interim injunction were to be confirmed and ultimately the suit were to be dismissed, how the plaintiff would compensate the first defendant. The plaintiff has not been able to show any wherewithal to pay any such compensation.

The offer for security of the amount of profit which the first defendant would get cannot be taken into consideration when the plaintiff does not have any business of his own whatsoever. Apart from that, when the plaintiff has not made out any prima facie case and when the first defendant has shown that the balance of convenience is not in favour of the plaintiff as it would be able to compensate the plaintiff if the plaintiff succeeds in the suit, and as the first defendant is ready and willing to furnish the turnover figures on quarterly basis, there is no reason to confirm the ad-interim injunction and the same deserves to be vacated forthwith.

ORDER:

22. In view of the above discussion, the interim injunction applications filed by the plaintiff in all these five suits are hereby dismissed and the ex parte ad-interim injunction granted earlier and continued from time to time as ad-interim injunction is hereby vacated in each of these five suits. The first defendant shall, however, furnish during pendency of the suits the statement of accounts of sales of the five products in question, which are relatable to the five designs registered in favour of the plaintiff. In case registration of the designs in favour of the

plaintiff is cancelled u/s 19 of the Designs Act, 2000, or under the Copyright Act, these interim directions shall cease to operate even before disposal of the suits.

23. The learned counsel for the first defendant submits that since the first defendant was all the time pre-occupied for getting the ad-interim injunction vacated, some more time may be granted to file written statement to the suits, which time is going to expire on 14th February 2002.

The request is reasonable. The time-limit for filing the written statement is extended till 31st March 2002.

24. At this stage, the learned counsel for the plaintiff pray that the ad-interim injunction operating so far be extended for some time in order to enable the plaintiff to take further recourse in accordance with law----- the plaintiff has neither prima facie case nor is the balance of convenience in his favour, and that on account of the operation of ad-interim injunction, the first defendant has been losing substantial business whereas the plaintiff does not have any business (which could enable the plaintiff to compensate the first defendant in case the ad-interim relies was to be continued and ultimately the suits were to be dismissed) the Court does not consider this to be a fit case to continue the ad-interim injunction in favour of the plaintiff. The request is, therefore, rejected.