

**(2002) 08 GUJ CK 0012**

**In the Gujarat High Court**

**Case No :** O.J. Appeal No's. 16 and 20 of 2002 in Civil Suit No. 1 of 2002 with Civil Application No's. 84 and 88 of 2002

Pravinbhai Jagjivandas Mehta

APPELLANT

Vs

Officine Lovato S.P.A.

RESPONDENT

**Date of Decision :** 06-08-2002

**Acts Referred:**

Designs Act, 2000 — Section 19, 22(2), 22(3)

**Citation :** (2002) 25 PTC 398

**Hon'ble Judges :** R.K. Abichandani, J;M.C. Patel, J

**Bench :** Division Bench

**Advocate :** Y.J. Trivedi, for the Appellant; G.N. Shah, for the Respondent

## **Judgement**

R.K. Abichandani, J.—In these appeals, the appellant has challenged the common order dated 1st February, 2002, whereby the learned Single Judge rejected the applications for interim injunction and vacated the ex parte ad-interim injunction which was granted with a direction on the first respondent to furnish, during the pendency of the suit, the statements of accounts of sales of the five products in question which were relatable to the five designs registered in favour of the appellant. It was simultaneously directed that in case, the registration of the designs of favour of the appellant was cancelled u/s 19 of the Designs Act, 2000, or under the Copyright Act, the interim directions shall cease to operate even before the disposal of the suits.

2. The appellant - original plaintiff claimed to have invented and designed five specific designs in certain parts which were used for converting Compressed Natural Gas (CNG) and Liquified Petroleum Gas (LPG) as fuel for running automobiles. Alleging that the respondents-defendants were infringing these five designs registered in favour of the appellant, suits were filed u/s 22(1) of the Designs Act, 2000, originally in the City Civil Court, Ahmedabad, which, in view of the fact that the Respondent No. 1 had filed applications u/s 19 of the said Act before the Controller of Designs, Calcutta, for cancellation of the registrations

granted in favour of the appellant, were transferred to the High Court u/s 22(4) of the Act by orders made on 9.1.2002.

3. According to the appellant the cause of action in respect of these suits had arisen when the second respondent published the advertisement on 26th November, 2001 for the products manufactured by Respondent No. 1 and distributed in India and Bhutan by the second respondent. According to the appellant, he had spent a huge amount of money for the invention of the designs and spent considerable time behind their development. In each of these suits, the appellant sought for a permanent injunction for restraining the respondents and their agents from manufacturing and marketing or using the designs registered in favour of the appellant or any other identical or deceptively similar products, and a direction to award token damages of Rs. 50,000/= to be paid to the appellant by the respondents. A direction was also sought on the respondents to hand over all the blocks, dyes, patterns, drawings etc. for destruction to the appellant.

3.1 In each of these suits, the appellant also prayed for an interim injunction to restrain the respondents from manufacturing and marketing or using the designs registered in favour of the appellant or any other identical or deceptively similar products during the pendency of the suit. The City Civil Court, Ahmedabad, granted ex-parte interim injunction in the above terms in Civil Suit No. 5337/01 on 30th November, 2001 and in four other suits, an ex-parte ad-interim order for appointment of a Commissioner was made on 3.12.2001. Modification in the ex-parte ad-interim order was made to enable the Respondent No. 1 to participate in the Automobile Fair, which was to be held in New Delhi.

According to Respondent No. 1, it was in the business of manufacturing automobiles since several years, and its products were registered and certificates of approval were issued on 1st September, 1997 by the Ministry of Transport and Navigation, Italy. A number of documents in support of the case of the Respondent No. 1 for showing that it was in the business of manufacturing and marketing CNG and LPG converters, were produced. Copy of the invoices between May, 1998 and December, 1999, in support of the case of the Respondent No. 1 that it was manufacturing and marketing the products in running automobiles. Alleging that the respondents-defendants were infringing these five designs registered in favour of the appellant, suits were filed u/s 22(1) of the Designs Act, 2000, originally in the City Civil, Ahmedabad, which, in view of the fact that the Respondent No. 1 had filed applications u/s 19 of the said Act before the Controller of Designs, Calcutta, for cancellation of the registrations granted in favour of the appellant, were transferred to the High Court u/s 22(4) of the Act by orders made on 9.1.2002.

According to the appellant the cause of action in respect of these suits had arisen when the second respondent published the advertisement on 26th November, 2001 for the products manufactured by Respondent No. 1 and distributed in India and Bhutan by the second respondent. According to the appellant, he had

spent a huge amount of money for the invention of the designs and spent considerable time behind their development. In each of these suits, the appellant sought for a permanent injunction for restraining the respondents and their agents from manufacturing and marketing or using the designs registered in favour of the appellant or any other identical or deceptively similar products, and a direction to award token damages of Rs. 50,000/= to be paid to the appellant by the respondents. A direction was also sought on the respondents to hand over all the blocks, dyes, patterns, drawings etc. for destruction to the appellant.

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4. According to Respondent No. 1, it was in the business of manufacturing automobiles since several years, and its products were registered and certificates of approval were issued on 1st September, 1997 by the Ministry of Transport and Navigation, Italy. A number of documents in support of the case of the Respondent No. 1 for showing that it was in the business of manufacturing and marketing CNG and LPG converters, were produced. Copy of the invoices between May, 1998 and December, 1999, in support of the case of the Respondent No. 1 that it was manufacturing and marketing the products in question, even before the appellant applied, for registration under the Designs Act or the Copyright Act, were also produced. The certificates of registrations of the designs, registered with the Patent Office (Design Office) were also relied upon. According to the Respondent No. 1, on coming to know about the designs of the appellant, it deputed three persons to meet the appellant at the address given in the plaint, which turned out to be the residential address of the appellant. An affidavit sworn by those three persons on 12.12.2001 was filed in which it was stated as under.

"When we met the plaintiff at the said address he said that he is not dealing with any of the above products and the second defendant herein, whose Chairman Mr. Tushar Kothari is closely related to him, is dealing with these goods. He has further informed us that we can buy goods either at Ahmedabad or from the second defendant's branch at Poona stating that we will get the products at the competitive rates. When we asked the plaintiff whether he is manufacturing any of the above products he said he is not and he is only helping his relation, the Chairman of the second defendant in the above suit."

5. The Respondent No. 2 - Rutu Auto Gas Pvt. Ltd. was acting as the sole selling agent of the Respondent No. 1 since 1995 and that agency admittedly came to

be terminated by the Respondent No. 1 on 13.11.2001. The Chairman of the Respondent No. 2 Rutu Auto Gas Pvt. Ltd, Mr. Tushar Kothari was a close relative of the appellant and according to the Respondent No. 1, the suits have been collusively filed on 30.11.2001 with a view to avenge the termination of the agency of the Respondent No. 2 by the Respondent No. 1.

6. In the objections Ex. 20 filed by the Respondent No. 1 to the injunction application, it was alleged that the appellant had virtually copied the designs of the first respondent-Company, which was in existence prior to the date of the application made by the appellant for getting the designs registered. According to Respondent No. 1, it was a pioneer in the field and one among the largest and the biggest companies in Italy in manufacturing Auto gas converters and its allied components. The case of the Respondent No. 1 was that it was, since much prior to the registration of the designs by the appellant, already manufacturing Electronic Reducers used for CNG Gas Reducer and had got it approved on 1st September, 1997 as per Annexure : A to the petition. It was stated that the registration granted to the appellant was liable to be cancelled u/s 19(1)(b) on the ground that the appellant's design was virtually published in India and in order countries prior to the date of the registration, and that, u/s 19(1)(c), it was not a new or original design. It was stated that the Respondent No. 1 was to apply for cancellation of the registration granted to the appellant in respect of its designs. It was also stated that the Respondent No. 1 had already got registered its design on 26.6.2000 as per the certificate, Annexure : C under the Designs Act, 2000. The invoices placed by Respondent No. 1 on the Respondent No. 2 were relied upon to show that the products were sold to them much before the design application was made by the appellant. It was alleged that the suits were engineered by the Respondent No. 2.

7. The learned Single Judge on the basis of the material on record found that since the matter in respect of the cancellation of the designs registered in favour of the appellant was now pending before the Controller of Designs, Calcutta, examination of that issue on merits would amount to prejudging the matter which was pending before that forum. The Court held that it was therefore not inclined to go into the controversy on the merits and that for the limited purpose of the interim relief application, the Court was satisfied that the appellant did not have any technical qualifications or experience on the basis of which he could have claimed the invention and development of five designs in question. It noted that a close relative of the appellant was the Chairman of the Respondent No. 2, which was the sole selling agent of the Respondent No. 1 for about seven years. It was found that the appellant himself did not commence any business or manufacturing activity nor did he produce any evidence to show that he had invested any amount or energy behind preparing the designs. This is why the Court found it not necessary to go into the details of the fact whether the designs published by the Respondent No. 1 in 1997 or thereafter were the same designs as the designs which were got registered by the appellant in the year 1999-2000.

7.1 It was found that the first respondent, on the other hand, had come out with a voluminous record, pointing out that it was in the business of manufacturing and marketing CNG and LPG converters in automobiles from the date much prior to the registration of the designs by the appellant, with a turnover running into crores of rupees. It was held that confirmation of ad-interim injunction during the pendency of the suit was bound to cause a substantial loss to the Respondent No. 1 and that the appellant did not have any wherewithal to bear the loss that may be suffered by the Respondent No. 1 by grant of such relief in the event of Respondent No. 1 by succeeding in the suits. Holding that the balance of convenience was in favour of the Respondent No. 1 and that the Respondent No. 1 was ready and willing to furnish the turnover figures on quarterly basis, the Court vacated the ad-interim relief and rejected the applications of the appellant.

8. The learned counsel appearing for the appellant contended that the learned Single Judge ought to have compared the designs and drawings of the appellant with those of the Respondent No. 1 for finding out whether there was a prima facie case in favour of the appellant. He submitted that since no effort to compare the designs and the drawings of the products of the appellant and the Respondent No. 1 was made, the impugned order was vitiated. It was, further argued that the Respondent No. 1 had got his designs registered in India after the registration of the designs of the appellant and, therefore, the subsequent registration cannot prevail over the registration of the appellant's designs and drawings. It was submitted that the essence of a right of a registered design or registered drawing of a product did not depend on the actual production of the goods since it was an intellectual proprietary right which was protected, and therefore, it should not have mattered whether the appellant had actually started manufacturing the product or not. The learned counsel further submitted that the Respondent No. 1 had yet to establish the actual sales of the particular products in question. It was also submitted that the question of infringement of a copyright, which was also raised was not separately considered by the learned Single Judge. It was submitted that since the appellant had got registered his designs under the Designs Act and the drawings in respect thereof under the Copyright Act, he had absolute right to prevent the Respondent No. 1 from using any design which may be similar to the registered designs of the appellant. It was submitted that the appellant's designs and drawings were different from the designs and drawings that may have been got registered by the Respondent No. 1 in Italy and that the grievance of the appellant was that the Respondent No. 1 was trying to imitate his registered designs and drawings and not against manufacture of the respondent's own designs which may have been approved in Italy or other place. The learned counsel for the appellant finally argued that irreparable loss would be caused to the appellant if the Respondent No. 1 is allowed to continue infringement of the registered designs and drawings of the appellant.

9. It has come on record, without any dispute before us, that the Respondent No. 2 Rutu Auto Gas Pvt. Ltd which was original Defendant No. 2 was earlier the sole

sell- ing agent of the Respondent No. 1 and that a close relative of the appellant was the Chairman of the Respondent No. 2. It has also come on record that the agency of the Respondent No. 1 was terminated by the Respondent No. 2 on 13th November, 2001. On 26th November, 2001, a notice was published in Gujarat Samachar by the Respondent No. 2 claiming that it was the exclusive Distributor for India and Bhutan, in respect of the CNG products of the Respondent No. 1 under the contract dated 18th September, 1998 till 18th September, 2002 and for LPG products under the contract dated 30th April, 1998 till 30th April, 2001. By that notice, the Respondent No. 2, making this assertion, put all the concerned persons to notice that any party trying to enter into relationship and/or doing any transaction, which would be in violation of this agreement, would be subjected to legal consequences. This notice was relied upon by the appellant as having furnished the cause of action to the appellant, as stated in para - 9 of the plaint. When admittedly the appellant's close relative was the Chairman of the Respondent No. 2, the fact about the nature of the products in respect of which the agency was given by the Respondent No. 1 to the Respondent No. 2, could not have been not known to the appellant. In the pleadings of the appellant, the connection of the appellant with the Chairman of the Respondent No. 2 had not been disclosed and it was feigned as if the appellant did not know about the products of the Respondent No. 1 distributed by the Respondent No. 2 until the said notice was published on 26.11.2001 which according to the appellant gave the cause of action to him. The fact that the said Chairman was related to the appellant was admitted even before us during the arguments. It appears that on termination of the agency on 13.11.2001, the disputes between the Respondents No. 1 and 2 became acute and the appellant would obviously have known about it. The appellant on filing the suits, got a commission issued on the Respondent No. 2 to have access to the type of products which were found with the Respondent No. 2. The case of the Respondent No. 1 that the suit was filed by the appellant in collusion with the Respondent No. 2 and that the appellant never had any background or competence to invent designs and drawings of such products and that the appellant had for all purposes, virtually copied the designs of the Respondent No. 1 which was in existence prior to the date of the application made by the appellant for getting his designs registered assumes significance in light of the admitted fact that the appellant did not have any background of such business and never manufactured the product nor did he demonstrate any investment in making of the designs.

9.1 It has come on record that the Respondent No. 1 has already filed an application on 14th December, 2001 for cancellation of the registration of the appellant's designs u/s 19 of the said Act on the grounds that the Respondent No. 1's designs were published in India and abroad prior to the date of the registration of the appellant's designs and that the designs of the appellant were not new of original designs and further that the designs got registered by the appellant were merely copies of the designs of the Respondent No. 1 which were

already published in India and abroad prior to the date of the registration of the appellant's designs. In the Statement of Case filed with such application for cancellation of registration, particulars of the approval of the designs of the Respondent No. 1 were given and it has been stated that the Respondent No. 2 Rutu Auto Gas Pvt. Ltd. with an ulterior motive, applied for registration of the design through his close relative i.e. the appellant. It was also stated that the appellant was not a manufacturer or dealer in any of the automobile parts and did not at all carry on any business worth the name. It was further stated that the appellant had not designed any part, much less CNG Electronic Reducer, and he had simply "taken photographs of the well established design of the applicant and got design registration behind the back of the applicant." It was asserted that the registered designs of the appellant were merely copies of the well established designs of the Respondent No. 1 who had applied for cancellation.

9.2 Even in the objections which were raised by the Respondent No. 1, against the application for interim relief, it had taken up the contention that the appellant's design was a "total and slavish copy of the first defendant's design which is already in existence long before the plaintiff applied for registration of the same. All the drawings relied on by the plaintiff are virtually copies of the designs handed over by the first defendant to the second defendant long before since the second defendant was all along acting as sole selling agent of the first defendant company from the year 1995." (See para - 9 of the said objections).

9.3 u/s 19 of the said Act, any person interested may present a petition for the cancellation of the registration of a design at any time after the registration of the design, to the Controller, inter alia, on the ground that the design has been published in India or in any other country prior to the date of registration or that the design is not a new or original design. The grounds available for getting the registration of design cancelled u/s 19 are also available u/s 22(3) as a ground of defence in a suit filed u/s 22(2) of the Act. The appellant had prayed for an order restraining the respondents from using the registered designs or registered drawings of the appellant on the ground that the products which were being sold by the Respondent No. 1 through the Respondent No. 2 were imitation of the registered design and the registered copyright of the appellant. On the other hand, the Respondent No. 1 took up the defence that the registered drawings of the appellant were total copy of the earlier designs and drawings of the Respondent No. 1 which were earlier officially approved in Italy way back in 1997. Therefore, when both the sides alleged that their respective designs and drawings were identical or deceptively similar to each other, the question of formal comparison was not the real issue before the learned Single Judge. The real question, as His Lordship rightly perceived, was whether there was controversy between the parties as to the originality of the designs and the drawings which were said to be imitated, and that question was pending for consideration by the competent authority in the application for cancellation of the registration of the designs of the appellant. The learned Single Judge rightly observed that in view of the pendency of the dispute before the Competent

Authority about cancellation of the appellant's designs, it was not appropriate to embark upon the process of comparison of the designs to find out whether they were original when got registered by the appellant or were already in vogue much prior to that, as claimed by the Respondent No. 1. It can never be said that mere factum of the registration of the appellant's designs, in view of the serious nature of the controversy raised by the Respondent No. 1 in the cancellation petitions, was sufficient to grant interim injunction restraining the Respondent No. 1 to stop its well established business of manufacturing its products. The allegation of the Respondents that, the suit has been filed in conclusion with the Respondent No. 2 whose agency was terminated by the Respondent No. 1 on 13.11.2001, cannot be lightly brushed aside at this stage. The Respondent No. 2 had an access to the products of the Respondent No. 1 and similar products, designs and drawings have been got registered by the appellant, who apparently did not have any specialized knowledge that goes behind the innovation of such designs and drawings, nor did he have any business of his own. The learned Single Judge has, in this context, on the basis of the material on record, rightly observed in para 21 of the order that the appellant had not been able to show any wherewithal to pay and compensation that may be suffered ultimately by the Respondent No. 1 and that the appellant did not have any business of his own whatsoever. If the appellant had any such background, it would have been very easy for the appellant to demonstrate it before the learned Single Judge.

9.4 The Respondent No. 1 was able to demonstrate from the material on record the fact that it was manufacturing the products for a number of years and had a sizeable business. Figures of turnover were produced and the learned Single Judge held that voluminous record produced by the Respondent No. 1 pointed out that it was in the business of manufacturing and marketing CNG and LPG converters in automobiles from the date much prior to the registration of the designs in favour of the appellant, with a turnover running into crores of rupees. The appellant, on the other hand, was not able to give any particulars about the business either of manufacturing or of marketing and it is not even the appellant's case that he had any business of manufacturing or marketing products in question.

9.5 As held by the Supreme Court in the case of *Wander Ltd. and Another Vs. Antox India P. Ltd.*, , the appellate court will not interfere with the exercise of discretion of the court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. In the instant case, the learned Single Judge has kept in mind the principles of law regulating grant or refusal of interim relief and has exercised the discretion, in rejecting the application for interim relief, on the basis of the material on record and for valid reasons warranting no interference in these appeals.

10. Having regard to the respective strength of the case of the rival parties and

to the fact that the balance of convenience clearly leans in favour of the Respondent No. 1, we find ourselves in full agreement with the reasoning and conclusion reached by the learned Single Judge and dismiss these appeals summarily with no order as to costs.

11. Since the appeals are summarily dismissed, the Civil Applications are rejected with no order as to costs.