
(1985) 02 DEL CK 0016
In the Delhi High Court
Case No : Suit No. 459 of 1982

Tobu Enterprises (P) Ltd.

APPELLANT

Vs

Joginder Metal Works and Another

RESPONDENT

Date of Decision : 15-02-1985

Acts Referred:

Citation : AIR 1985 Delhi 244 : (1986) 1 ARBLR 421 : (1985) 2 ILR Delhi 638

Hon'ble Judges : D.P Wadhwa, J

Bench : Single Bench

Advocate : Parveen Anand, Hemant Singh and Mohan Vidhani, for the Appellant;

Judgement

D.P. Wadhwa, J.

(1) By this order I will decide issues NOS.I, Ia, Sand 3 which have been treated as preliminary issues.

(2) The suit for permanent injunction restraining infringement of two registered designs, passing off and for rendition of accounts. The plaintiff is the manufacturer of "mini bike tricycle". It got the design registered in respect of this mini bike under the provisions of the Designs Act, 1911 (for short "the Act") under registration No. 144635. The seat of the mini bike was also got registered under the said Act Under registration No. 144636. The plaintiff has alleged that defendant No. 1 is also engaged in the manufacture of tricycles and defendant No. 2 is engaged in marketing of the tricycles manufactured by defendant No. 1. It was in the month of March 1982 that the plaintiff came to know that defendant No. 1, without the consent, permission or license of the plaintiff, had introduced into the market mini bike tricycle with an identical and/or substantially identical design. The plaintiff alleged that the defendants deliberately "infringed and contravened the copyright of the plaintiff in its registered designs". Then, there are, allegations in the plaint that the defendants have pirated the design of the plaintiff with a view to take advantage of the popularity of the design of the plaintiff in the market -and have made use of the goodwill and reputation of the

plaintiff and that the defendants are passing off their inferior quality tricycles bearing the design of .the tricycles of the plaintiff. The plaintiff then alleged that on account of the illegal activities of the defendants, the "defendants, earned undue profits to which they Were riot entitled and Therefore they were liable to render accounts and pay to the plaintiff the profits earned by them on the sales of the tricycles bearing the impugned design of the plaintiff. It was estimated by the plaintiff that on rendition of accounts, the plaintiff would be found entitled to more than a lac of rupees. The plaintiff valued the suit for purposes of court-fee and jurisdiction as follows : "17

(A)For an order for permanent injunction restraining the defendants from pirating the registered designs of the plaintiff the suit is valued for purpose of court fee and jurisdiction at Rs. 2001- and court fees of Rs.20(-is affixed.

(B)For an order for permanent injunction restraining the defendants from passing off their goods bear" ing the impugned designs as the product of the plaintiff, the suit is valued for purpose of court fees and jurisdiction at Rs. 2001-and court fees of Rs. 201-is affixed.

(C)For an order for delivery up of the impugned goods/for destruction etc. the suit is valued for purpose of court fees and jurisdiction at Rs. 200j- and court fee of Rs. 201- is affixed.

(D)For an order for rendition of accounts of profits made by the defendants, the suit is .valued for purposes of court fees at Rs. 2001- and court fees of Rs. 201-is affixed. The jurisdictional value of this relief is fixed at Rs.1,00,000/"as the plaintiff estimates that such an amount shall be found .due to it on accounts being rendered by the defendants. The plaintiff undertakes to pay additional court fees on this relief when the amount due to it is ascertained. Value of .the suit for purposes of court fees is Rs. 8001- and value of the -suit for purposes of jurisdiction is Rs. 1,00,6001-"

(3) The plaintiff, Therefore, prayed for a decree for perpetual injunction restrng the defendants from manufacturing, selling and/or offering for sale tricycles bearing the in impugned designed and further similarly restraining them from passing off or enabling others to pass off their goods as goods of the plaintiff. The plaintiff further prayed for rendition of accounts of the profits made by the defendants and decree for the amounts so found. The plaintiff also prayed for an order of delivery up of all the impugned goods, blocks, dies, etc. for the purpose of destruction.

(4) The defendants in their written statements raised various preliminary objections. They objected to the jurisdiction of this court under the Act. It was stated that under the Act no relief was available to the plaintiff for rendition of accounts It was submitted that the suit had not been properly valued for purposes of court-fee and jurisdiction. The defendants also raised various pleas on the merits of the case as" "well. On the pleading of the parties issues were framed. The following are .the issues which were treated as preliminary issues :

1. Whether in view of the provisions of Section 53 of the Design? act, this court has no jurisdiction to direct rendition of accounts ? 1A. If issue 119.1 .is answered in affirmative then whether this Hon''ble Court has got jurisdiction to try the present suit ?

2. Whether the suit has not been properly valued for the purposes of court fee and jurisdiction ?

3. Whether the proper court fee has been paid by the plaintiff in respect of the claims ?

(5) Mr. Vidhani, learned counsel for the defendants, referred to S. 53(2) of the Act. KBs agreement that the Act was a complete code in itself and that no relief outside the Act could be granted S. 53(2) is as follows :

(2). If any person acts in contravention of this section, he shall be liable for every contravention (a) to pay to the registered proprietor of the design a sum not exceeding five hundred rupees recoverable as a contract debt, or

(B) if the proprietor elects to bring a suit for the recovery of damages for any such contravention, and for an injunction against the repetition thereof, to any such damages as may be awarded and to be restrained by injunction accordingly : Provided that the total sum recoverable in respect of any one design under clause (a) shall not exceed one thousand rupees." With reference to the aforesaid provisions, he submitted that in case of contravention of the design, the defendants could be liable only to pay to the registered proprietor of the design a sum not- exceeding Rs. 500/- recoverable as a contract debt and the maximum amount that could be recovered under this head in respect of one design could not exceed Rs. 1000/ He submitted that if the plaintiff in the alternative elects to bring a suit for recovery of damages for any such contravention and for injunction against the repetition thereof, the defendants could be made to pay such damages as might be awarded and they could also be restrained by an injunction from committing the contravention. Thus, Mr. Vidhani submitted, the jurisdiction of a civil court was impliedly barred if the plaintiff brought a suit on the basis of passing off and for rendition of accounts. To support his argument, Mr. Vidhani referred to a decision of the Bombay High Court in The Calico Printers Association Limited Vs. Goshu Kabushiki Kaisha Limited, In. this Bombay case the defendant took out

summons calling upon the plaintiff to elect whether the plaintiff claimed from the defendant an account of the profits made by the defendant from the sales or damages under S. 53(2)(b) or the payment of a sum as a contract debt under S. 53(2)(a) of the Act. The question that is before me was not as a matter of fact decided in the Bombay case. It was observed there that whether the plaintiff could claim an account of the profits as incidental to an injunction was a question which would also have to be considered at the hearing. It was observed, "All that I can now say is that the plaintiff are not entitled to an account of the profits as an alternative to their claim for damages or for payment of Rs. 1,000. Moreover,

the plaintiffs have not asked for an account of the profits as an ancillary relief to the injunction claimed. plaintiffs have however claimed delivery up. of the offending goods or articles, but whether they are entitled to it as an ancillary relief is another question to be gone into all the hearing. At present the plaintiffs are bound to elect under the section between their claim for damages along with the injunction and the payment of the sum of Rs. 1,000 which is the maximum amount recoverable." This case is thus of no help to the defendants. Mr. Vidhani then referred to the provision of S. 106 of the Trade and Merchandise Marks Act. S. 55(1) of the Copyright Act. S. 10, of the Patents Act and S. 31 of the old Patents and Designs Act to interpret the provisions of S. 53(2) of the Act to show that no other relief is available to the plaintiff. I do not think it is necessary for me to refer to all these provisions. The scope of S. 53(2) of the Act has to be seen on its own, I cannot readily assume the ousting of jurisdiction of a civil court. Under S. 9 of the Code of Civil Procedure, courts have jurisdiction to try all suits of a civil nature excepting suits of which their cognizance is either expressly or impliedly barred. The question that arises is as to whether the jurisdiction of the court is impliedly barred in view of the provisions of S. 53 of the Act. Under S. 47 of the Act when a design is registered the registered proprietor of the design shall have copyright in the design during five years from the date of registration. Under S. 53(1) of the Act, during the existence of copyright in any design it shall not be lawful for any person to apply to any article the design or any such article or to publish or expose thereof or to import any such article or to publish or expose or cause to be published or exposed for sale any such article. Then, under sub-s. (2) S. 53 of the Act, if any person acts in contravention of sub-s. (1), he is liable for every contravention either to pay a sum not exceeding Rs. 500"- recoverable as a contract debt or to be restrained from committing any of the acts mentioned in subs. (1) and also to pay such damages "as may be awarded".

(6) I do not think that the provisions of -S. 53 of the Act can be read as to exclude "any fiction, for passing off and for rendition of accounts, A person complaining infringement of his design can certainly ask for accounts from the defendant to show the profits earned by the defendant by unlawfully using the design of the registered proprietor. The plaintiff might say that the profit earned by the defendant would be the loss sustained by him which he could claim as damages. It is not disputed that damages can be claimed. The dispute is at best as to the method of assessing the damages. According to Mr. Vidhani, the plaintiff must claim a specific amount. In Russell-Clarke on Copyright in industrial Designs 5th edn. at pages 107, the learned authors have given the following heads under which damages might be claimed :

"A. Where the defendant has made sales which the plaintiff showed he would otherwise have made. the plaintiff is entitled to his loss of profits on the assumption that he would have made the sales in fact made by the defendant,

(B) Where the defendant undercut the plaintiff's prices and the latter had to

reduce his prices to compete, the plaintiff is entitled to be recompensed for the diminution in his profits.

C. In case of sales by the defendant which the evidence shows the plaintiff would not himself have made, the plaintiff is entitled to a fair and proper royalty as the price or hire which should have been paid for the use of invention to legalise those sales.

As a general alternative to these methods, the patentee can if he wishes claim all his damages for sales made by the defendant on the basis of a fair and proper royalty."

Reference may also be made to another decision of the Bombay High Court in *Calico Printers Association Ltd. Vs. Savani and Co.*, . In the case, a suit was brought by the plaintiff alleging infringement of a design. The plaintiff prayed for injunction restraining the defendants from applying the registered design of the plaintiff. The plaintiff also prayed that defendant be ordered to "deliver up to the plaintiff for destruction the goods bearing the design of the plaintiff which goods were in possession of the defendant. One of the contentions raised by the defendant was that the plaintiff was not entitled to the relief claimed regarding delivery up of the goods to the plaintiff for destruction. The argument was that a copyright is a statutory right and the remedies for the infringement of a copyright are also statutory and are contained in S. 53(2) (a) and- (b) of the Act. It was, therefore, submitted that as the Act provided the specific remedies for an infringement of a copyright no other remedy was available to the plaintiff or could be so granted by the court. Negating the contention of the defendant, the court, after referring to various decisions of the English courts, observed that, "From these cases it is clear that the equitable remedies in respect of an infringement of a copyright are not excluded by the statute and the plaintiffs are entitled to ask for delivery up of the goods in suit to them for destruction." Mr. Vidhani then referred to an order of this court by O. R. Luthra, J. in *Tobu Enterprises Pvt. Ltd. v. Megha Enterprises & Anr.* (IA No. 1480183 in Suit No. 473183, decided on 3-10-1983(3) where the learned Judge had observed that remedy against passing off was excluded under the Act. This order was passed in an interlocutory application filed by the plaintiff under Order 39, Rules 1 and 2, read with S. 151 of the Code of Civil Procedure, for issue of an injunction restraining the defendants from manufacturing, selling, offering for sale etc. or dealing in tricycles having the same design as of the plaintiff. The defendants in that case had also got their design registered under registration No. 152347. The learned Judge observed that not only the plaintiff but the defendant was also proprietor of a registered design and Therefore each of the parties, in view of S. 53 of the Act, was entitled to bring a suit for injunction and for recovery of damages against the other. The learned Judge further observed "That being so, obviously it will be absurd to issue injunction in favor of one of the parties to the suit restraining the other from using the registered design. The net result, Therefore, is that when the design of both the parties is registered, no action in

the nature of issue of injunction or recovery of damages is permissible." On facts, the learned Judge found that there was a lot of difference in the general appearance of the tricycles manufactured by the defendant. In this context, the learned Judge had examined the question as to what was the remedy if rights accrued on account of registration of design were infringed. He was of the opinion that the right against passing off was a common law right and that this common law right was subject to the provisions of a statute, he further observed "In the present case. Section 53 of the Act deals with the remedy of injunction and claim of damages and rendition of accounts. That does not provide for any remedy against any alleged passing off. Therefore, no injunction can be issued on the ground that a defendant is likely to pass off his goods as that of the plaintiff. ." Then, finally it was observed "Therefore, in cases designs are registered under the Act, the doctrine of passing off has no application and that being so, the earlier registration or user cannot prevail against the later one." No doubt the observations made by the learned Judge do support the argument of Mr. Vidhani to some extent. However, as noted above, this order was made on an interim application and the issue which is before me in the present case could not be specifically there in those proceedings at that state. Moreover, the learned Judge himself said that the observations made in the order were only for deciding of the application and were not to affect the decision of the suit on merits. May be this was with reference to the findings arrived at for the purpose of the decision of the application for interim relief. The facts in that case were, however, different inasmuch as both the parties had claimed registration of their respective designs. The observations made in the order, Therefore, cannot be said to have any binding force.

(7) Mr. Vidhani lastly submitted that there has to be some sort of relationship between the plaintiff and the defendant if the plaintiff seeks relief of rendition of accounts. The relationship that was in his mind was something like that of principal and agent. I do not think this contention is correct. On the other hand, Mr. Anand pointed out that it could be said that there was a fiduciary relationship between the parties in the present case inasmuch as whatever profits the defendants were making by sale of the goods with the impugned design of the plaintiff, they were holding the same as trustee for the plaintiff, and must account for the same to the plaintiff.

(8) In view of the above discussion, I must hold that this court has jurisdiction in the matter and the suit is maintainable. Issues Nos. 1 and 1A are, Therefore, decided in favor of the plaintiff.

(9) Once it is held that the suit is maintainable, it is difficult to see how it could be said that the suit is not properly valued for purposes of court-fee and jurisdiction. No arguments were addressed by Mr. Vidhani on issues Nos. 2 and 3. There are, Therefore, held against the defendants.