

MANU/JK/0409/2009

Equivalent/Neutral Citation: AIR2010JK13, 2009 (2) CCC 275 , 2009(40)PTC249, 2010(1)RCR(Civil)288

IN THE HIGH COURT OF JAMMU AND KASHMIR

CTA. 8/09 Cmp 6/09

Decided On: 20.03.2009

Escorts Construction Equipment Limited **Vs.** Gautem Engineering Company and Ors.

Hon'ble Judges/Coram:

Nirmal Singh, J.

Counsels:

For Appellant/Petitioner/Plaintiff: S. Bansal, C.M. Koul and Keshav Thakur, Advs.

For Respondents/Defendant: Sunil Sethi, Sr. Adv. and Pranav Kohli, Adv.

Case Note:

Civil - Jurisdiction - Section 19, 22(2)(3) and (4) of Designs Act, 2000 - Court below passed an ex parte ad-interim injunction whereby Defendants/Non applicants were temporarily' restrained from using/imitating and applying products and for which Plaintiff company had been granted Copyright registration - Hence, this Petition - Whether Court below had Jurisdiction to cancellation of registration of design - Held perusal of provisions of Sections 19, 22(2)(3) and (4) of Act showed that in any suit or proceeding where relief was sought under Section 22 (2) of Act every ground on which registration of design could be cancelled under Section 19 of Act should be available as ground of defence - Therefore once such defence was taken then in terms of Section 22(4) of Act Court below had no power to decide revocation of design - It was only High Court which had to adjudicate upon matter and decide as to whether design was to be cancelled or not - Thus Court below had committed legal error in not transferring case to High Court for adjudication after application was filed by Petitioner - Hence record of suit alongwith application for ad-interim injunction should stand transferred to High Court - Petition allowed.

Ratio Decidendi:

"Court shall not interfere with matter related to cancellation of registration of design, unless it have territorial jurisdiction."

JUDGMENT

Nirmal Singh, J.

1. This is a petition under Section 24 of the Code of Civil Procedure, seeking-a direction for withdrawal of the suit titled "M/s Escorts Construction Equipment Ltd v. M/s Gautam Engineering Company and Anr.", from the court, of 1st Additional District Judge, Jammu, and transferring the same to this Court.

2. Petitioner filed a civil suit above titled before the court of learned Principal District Judge, Jammu, for permanent prohibitory injunction restraining the Respondent-Defendants from manufacturing and marketing the cranes and any other product

amounting to Petitioner's Patent No. 227332. Injunction was also sought restraining the Respondents from manufacturing and marketing the Cranes or any other product amounting to passing of and infringement of Petitioner's Design No. 194428. Direction was also sought to Respondents for delivery of all the impugned designs and products including all brochures, literature, stationery, boards, hoardings, banners etc. to the Petitioner for destruction of the same and for rendition of accounts of Respondents for ascertaining the profits alleged to have illegally earned by the Respondents and also for money decree of such, profits. Along with the suit, an application seeking ad-interim injunction was also filed. The learned District Judge, Jammu, transferred the suit to the court of 1st Additional District Judge, Jammu, for adjudication.

3. When the matter was taken up on 14th of Jan' 09, the court below passed an ex parte ad-interim injunction to the following effect:

... The Defendants/non applicants are temporarily' restrained from using/imitating and applying the products and products' design/drawings, the details of which is given above in the order for which the Plaintiff company has been granted Copyright registration Nos. A-83278/2008, A-83280/2008, A-83281/2008, A-83284/2008, A-83285/2008, used in cranes Hydra-12 and Hydra- 14, which have been issued by statutory authorities in favour of the Plaintiff...

4. On receipt of the notice, Respondents appeared and filed written statement and response to the main suit as also the application for ad-interim injunction,

5. After the filing of the written statement by the Respondents, the Petitioner filed an application under Section 22(4) of the Designs Act, 2000, (here-in-after referred to as the Act of 2000), before the court below for transferring the suit to this Court. To the said application, objections came to be filed by the Respondents also.

6. As no indulgence was shown by the court below after the filing of the above application in terms of Section 22(4) of the aforementioned Act, the present petition, as indicated above has been filed for transferring of the suit from the court of 1st Additional District Judge, Jammu, to this Court.

7. Mr. Bansal, Learned Counsel for the Petitioner submitted that under Section 19 of the Act of 2000, any person interested may present a petition for cancellation of the registration of a design at any time after its registration to the Controller on any of the grounds as mentioned in the aforementioned Section.

8. It was further submitted that under Sub-clause (3) of Section 22 of the Act of 2000, in any suit or any other proceeding for relief under Sub-section (2), every ground on which the registration of a design may be cancelled under Section 19 is available as 'a ground of defence. It was stated that when the Respondents have filed the written statement and taken the defence as mentioned in Section 19 of the Act of 2000, then, the court below has no power to try the suit and the same has to be transferred to this Court.

9. Mr. Sunil Sethi, learned Senior counsel, appearing for Respondents submitted that as the machinery is neither being manufactured nor sold in the State of Jammu and Kashmir, the court below has no territorial jurisdiction to entertain and adjudicate upon the subject matter of dispute. In support of his submission, reliance is being placed on a judgment of the Apex Court reported as MANU/SC/0231/1965 : AIR 1965 SC 1449 : PTC (Suppl) (1) 434 (SC), Raja Soap Factory and Ors. v. SP Shantharaj and Ors.

10. Before considering the submissions made by the Learned Counsel for the parties, it would be appropriate to notice some of the relevant provisions of the Act of 2000. Sections 19, 22(2)(3) and (4) are relevant and are being noticed as under:

19--Cancellation of registration--(1) 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 on any of the following grounds, namely:

- (a) that the design has been previously registered in India; or
- (b) that it has been published in India or in any other country prior to the date of registration; or
- (c) that the design is not a new or original design; or
- (d) that the design is not registerable under this Act; or
- (e) that it is not a design as defined under Clause (d) of Section 2.

22. Piracy of registered design.-

(1)

(2) If any person acts in contravention of this section, he shall be liable for every contravention

(a)

(b)

(3) In any suit or any other proceeding for relief under Sub-section (2), every ground on which the registration of a design may be cancelled under Section 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 under Section 19 has been availed as a ground of defence and 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.

11. A perusal of the above quoted provisions shows that in any suit or a proceeding where a relief is sought under Sub-clause (2) of Section 22 of the Act of, 2000, every ground on which registration of design may be cancelled under Section 19 of the Act aforementioned, shall be available as a ground of defence and once such a ground is taken in defence, then under Section 22(4) of the Act of 2000, the suit or any such proceeding is to be transferred to the High Court for decision.

12. In the present case, on causing appearance before the court below, the Respondents filed their written statement taking specific grounds of defence at page 25-26 of the said statement, which may be noticed as under:-

Invalidity of Registered Design 194428:

The registered Design 194428 is not valid on account of the following:-

a. Design not registerable. under the Designs Act, 2000: Section, 2(d) of the Designs Act, 2000, states the following:

design means only the features of shape, configuration, pattern, ornament or composition of lines or colors applied to any article whether in two 'dimensional and three dimensional or in both forms, by any industrial process or means whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined in clause... of Sub-section (1) of Section 2 of the Trade and Merchandise Marks Act, 1958 (43 of 1958) or property mark as defined in Section 479 of the Indian Penal Code (45 of 1860) or any artistic work as defined in Clause (c) of Section 2 of the Copyright Act, 1957 (14 of 1957);

In other words, a design protection of ornamental or aesthetic aspect of an article should not include any mode or principle of construction or anything which is in substance a mere mechanical device. However, a Crane is indeed in substance a mere mechanical device as it helps in lifting and moving loads beyond the normal capability of a human and, therefore, is not capable of design registration. Thus, the Registered Design 194428 is not fit subject-matter for registration under Designs Act, 2000.

b. Design not new or original: Section 2(g) of the Designs Act, 2000 states....

The answering Defendant rely on the following leaflets which clearly indicate that the design as filed for by the Plaintiff was already available in the public domain prior to date of application of registration under the Designs Act, 2000.

The enclosed leaflets further indicate that Registered Design 194428 is not 'new' in its application and is still used as a Crane for lifting and loading heavy articles. Thus, the Registered Design 194428 is not fit subject-matter for registration under Designs Act, 2000.

c. The answering Defendant submit that the patent 227332 is directed to an improved boom for use with a crane. Therefore, the boom of the crane is matter of contention and not the entire crane. Further the-design 194428 does not depict the internal features of the crane which are the subject-matter of the patent 227332....

13. A perusal of the above shows that Respondents in their written statement has taken the defence as referred to in Section 19 of the Act of 2000. Therefore, once such a defence is taken, then in terms of Sub-section (4) of Section 22 of the Act of 2000, the court below has no power to decide the revocation of the design and it is only this Court which has to adjudicate upon the matter and decide as to whether the design is to be cancelled or not The court below, thus, has committed a legal error in not transferring the case to this Court for adjudication after the application in this regard

was filed by the Petitioner.

14. In 2001 PTC (21) 775 (Ker), Low Heat Driers (P) Ltd v. Biju George, the Kerala High Court under similar circumstances while dealing with a matter under Patents Act, 1970, and interpreting Section 104 of the above Act, which section is *pari materia* to Section 22(4) of the Act of 2000, observed as under:

4. Section 104 of the Patent Act reads as follows:

No suit for a declaration under Section 105 or for any relief under Section 106 or for infringement of a patent shall be instituted in any Court inferior to a district Court having jurisdiction to try the suit; Provided that where a counterclaim for revocation of the patent is made by the Defendant, the suit, alongwith the counter claim, shall be transferred to the High Court for decision.

What can be gathered from the section is that once challenge is made with regard to the patent claimed by the Plaintiff, and its revocation is sought for by the Defendants, all further things should be done only by the High Court. If interlocutory applications filed in the case are dealt with before considering the question of existence of the patent itself that will affect the rights of the Defendants. According to me, what is obvious from the section is that once a counter claim seeking revocation of the patent is filed by the Defendants the District Court will lose jurisdiction to proceed with the matter any further. That deprivation of power will necessarily include the power to deal with all interlocutory applications pending as on that day....

15. In A.O. No. 49 of 2008 titled M/s Lambda Eastern Telecommunication and Ors. v. M/s Acme Tele Power Private Ltd and Ors. decided on 19th of March'08, the High Court of Uttarakhand, observed as under:-

Actually, keeping in view the proviso to Section 104(supra), this Court at the same time, would like to observe that the District Judge at the very moment the counter claim stood filed in his Court, ceased to have any jurisdiction to deal with the suit or any application arising out of the same or relating thereto. The proviso 'to Section 104 clearly and unmistakably suggests that the moment the counter claim for revocation of the patent is filed, the suit alongwith the counter claim etc., shall be transferred to the High Court for decision. In other words, what the proviso unmistakably suggests is that the moment counter claim for revocation of the patent is filed, the jurisdiction, for deciding the suit alongwith the counter claim vests with the High Court. The legislative intent is more discernibly clear by a reference to Section 64 of the Act, which also states that revocation of a patent upon a counter claim can be done by a High Court only and not by any Court inferior to the High Court, it is based on such clear legislative intent as well as legislative mandate that I have no hesitation coming to the conclusion that the moment the counter-claim for revocation of patent is filed, the District Court ceases to have the jurisdiction to deal with the suit and the matter immediately is required to be transferred to the High Court for hearing and decision. In other words, it is the High Court which shall now hear and decide the Temporary Injunction Application....

16. As indicated above, Section 22(4) of the Act of 2000 is *para-materia* to Section 104 of the Patents Act, 1970. Therefore, once the suit was instituted by the Petitioner and the Respondents took the defence in their written statement as referred to in Section 19 of the Act of 2000, and thereafter Petitioners having filed the application under-Section

22(4) of the Act of 2000, then, as observed above, the power to decide with regard to the revocation of the design lies only with this Court.

17. So far as the plea of Mr. Sethi, learned Sr. Counsel for Respondents, which stands noticed above is concerned, the said plea is found to be not sustainable, because once the Respondents have taken the grounds as mentioned in Section 19 of the Act of 2000, the court below ceases to have the jurisdiction to try the suit and it is only this Court which is to adjudicate upon the matter, The judgment cited by Mr. Sethi in support of his plea would be of no avail to him.

18. In view of the above, this petition is allowed. The record of the above titled suit alongwith the application for ad-interim injunction shall stand transferred to this Court. The record shall be called for by sending a special messenger and the case be listed for consideration after two weeks,

Disposed of accordingly.

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