

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **FAO No. 128/2014 and FAO 129/2014**

% **5th May, 2014**

FAO No. 128/2014 & CM Nos. 7778-79/2014

M/S. JAGDAMBA IMPEX Appellant
Through: Mr. C.M. Lal, Mr. Subhash Dhutoria,
Mr. Nancy Roy, Advocates

VERSUS

M/S. TRISTAR PRODUCTS PRIVATE LTD. Respondent
Through: Mr. Chetan Sharma, Sr. Advocate
with Mr. S.K. Bansal, Mr. Ajay
Amitabh Suman, Advocates

FAO No. 129/2014 & CM Nos. 7782-83/2014

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CORAM:
HON'BLE MR. JUSTICE VALMIKI J.MEHTA

To be referred to the Reporter or not? **Yes**

VALMIKI J. MEHTA, J (ORAL)

Caveat Nos.395/2014 & 396/2014

Counsel appears for the caveators and thus the caveats stand discharged.

FAO No. 128/2014 & CM Nos. 7778-79/2014

1. This first appeal is filed under Order 43 Rule 1(r) CPC impugning the order of the trial court dated 19.2.2014 which has allowed the application of the respondent/plaintiff under Order 39 Rules 1 & 2 CPC and dismissed the application of the appellant/defendant under Order 39 Rule 4 CPC. Appellant/defendant by the impugned order has been restrained from using a machine which is used for manufacturing of combs on the ground that the machine is a copy of the machine made by the respondent/plaintiff from the drawings over which respondent/plaintiff has a copyright under the Copyright Act, 1957.

2. The complete facts with respect to the case/claim as put forward on behalf of the respondent/plaintiff are succinctly stated in paras 1 to 3 of the impugned judgment and the same read as under :

1. "The plaintiff through present suit is seeking permanent injunction, rendition of account, delivery up etc by putting up a case that plaintiff is engaged in business of manufacturing and marketing of cosmetic products, viz. Nail cutters, nail sharpeners, fillers, trimmers, buffs,

manicure set, pedicure set, brushes, scrubbing brushes etc and allied and cognate goods. The plaintiff claims that it is continuously making efforts for developing new products/ machine equipment and also for improving efficiency, efficacy and dependability of its existing products through its dedicated research and development department. Further Plaintiff contends that it spends heavily on its abovementioned development activities. It is the case of the plaintiff that in year 2009, it got developed an equipment/ machine namely **Teeth Cutting Machine** after a lot of research and spending labour, skill, efforts and money for the development of the said machine. The said machine namely teeth cutting machine is new and novel in nature which is used for manufacturing of a specific product namely comb. It is further averred that the plaintiff through its research, labour skill, effort and money has also developed major components such as Disk Teeth Cutter, Comb Work – Piece Mounting Bracket Pneumatic Piston, control Panel, Sliding Platform and Mounting Table etc. The plaintiff's machine and major components are based on “**industrial drawing**” which were prepared by its employee / draftsman technicians during the course of their employment for and on behalf of plaintiff and under instructions and directions of Director of the plaintiff namely Sh. Sandeep Jain. The said industrial drawings are original in character and artistic in nature. These drawings define and declare the shape and measurement of machine which ultimately makes machine to function and perform. The plaintiff is owner and proprietor of artistic work involved in said industrial drawings. It is claimed that the Plaintiff hold copyright in said industrial drawing and same are protected under the provisions of The copyright Act 1957. It is further averred that plaintiff applied for obtaining the copyright in relation to said drawing under the title “ASSEMBLY DRAWING OF TEETH CUTTING MACHINE” under no. 4564/2012-CO-A dt. 16.04.2012”. the plaintiff further alleged that the services of one Sh. K.K. Gupta proprietor of M/s Metalware, 3, Peepal Drive, Chattarpur Farms, New Delhi were engaged for manufacturing and fabricating the said machine including aforesaid major components based on the industrial designs provided by the plaintiff. The same were prepared at the instructions and on behalf of plaintiff for which consideration was paid by the plaintiff. The plaintiff

is making commercial use of said industrial drawings in regular course of its business by converting these two dimensional industrial drawings into three dimensional finished products which are being used to manufacture product namely comb since year 2009. The plaintiff, under statutory as well as in common law, is proprietor of industrial drawings of said products.

2. The Grievance of plaintiff is that the defendant is engaged into manufacturing and marketing of beauty accessory implements / goods viz. "Comb" and it started manufacturing and selling the impugned goods namely comb for equipment machine namely Teeth Cutting Machine which is identical to the equipment / machine namely Teeth Cutting Machine of plaintiff. The impugned Teeth Cutting Machine of the defendant is identical in each and every aspect including the shape, measurement, artistic features as to that of the plaintiffs. The plaintiff inquired for Sh. K.K. Gupta, proprietor in an affidavit dated 10.10.2013 on record revealed that he prepared similar industrial drawings an machine at the instructions and on behalf of defendant which is based on plaintiffs aforesaid industrial drawings. The plaintiff has also taken expert opinion which established that defendants impugned industrial drawings and impugned equipment / machine namely Teeth Cutting Machine is similar. In para 23 of the plaint, the plaintiff explained similarity of machines through a comparative chart. The plaintiff further alleged that the defendant by making impugned industrial drawings developed the impugned equipment consequently using the impugned equipment manufactured and sold the impugned goods. This action of the defendant amounts to infringement of copyright of the plaintiff in the aforesaid industrial drawings and in such equipment. The defendant is not entitled to manufacture the impugned goods namely comb from the impugned equipment/machine.
3. Ld counsel for plaintiff argued that since "industrial drawings" are original art work within the meaning of section 2(d) of Indian Copyright Act 1957 thus by virtue of copyright in the said industrial drawings, the plaintiff has exclusive rights to furnish and reproduce the work in any material there from including its deception in material form in three dimensional form and two dimensional work and vice versa by virtue of Section 14 of the Copyright Act."

3. A reference to the aforesaid paras show that the case of the respondent/plaintiff is the claim of copyright with respect to Teeth Cutting Machine and which is used for manufacturing of the product “comb”. A particular shape/curvature of the comb takes place because of the use of the subject machine. Respondent/plaintiff claims that it developed this machine and its major components from the designs prepared by it after a lot of research, labour, skill, efforts and money, and consequently in the drawings which defined and declared a shape and measurement by/of the machine, copyright is claimed under the Copyright Act, 1957. The machine is stated to have been manufactured by one Sh. K.K. Gupta on the basis of drawings supplied by the respondent/plaintiff.

4. In the suit plaintiff rights are only claimed under the Copyright Act, 1957 with respect to drawings and there is no claim with respect to proprietorship of the drawings under the Designs Act, 2000. Also there is no claim as per the plaint that the respondent/plaintiff has a patent for the machine (or its parts) in question.

5. The court below has allowed the injunction application by treating the designs/drawings of the machine and its components as having copyright under the Copyright Act, 1957 and has restrained the appellant/defendant

from using the similar machine and which similar machine the appellant/defendant got manufactured from the same Mr. K.K. Gupta.

6. For the purpose of the present judgment, I am presuming that respondent/plaintiff is the owner of the drawings/designs on the ground that the drawings have been prepared by it, although, that aspect is factually disputed on behalf of the appellant/defendant.

7. The issue before this Court is that assuming that the respondent/plaintiff prepared the drawings whereby it on its preparation had a copyright in the drawings/designs of the Teeth Cutting Machine and its components, whether respondent/plaintiff is in the facts of this case entitled to an injunction to restrain the appellant/defendant from using a similar machine.

8. In order to appreciate the issue at hand, the definition of design under the Designs Act, 2000 is required to be seen along with the definition of copyright of an artistic work and the related provisions in the Copyright Act, 1957.

9. 'Design' is defined as per Section 2(d) of the Designs Act, 2000 and which reads as under :

“2(d) “Design” means only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or 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 (v) 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)” (underlining added)

10. Copyright of an artistic work is defined in Section 2(c) of the Copyright Act, 1957. Section 14(c) of the Copyright Act, 1957 provides the rights of different types by virtue of owning the copyright in the artistic work. Section 15, and more particularly its sub-Section 2, provides that with respect to a drawing/design which can be a subject matter of both the Copyright Act, 1957 and the Designs Act, 2000, if from the drawing/design an article is produced to which the drawing/design has been applied/reproduced more than 50 times by an industrial process, the right in the designs/drawings under the Copyright Act, 1957 will no longer subsist. These Sections 2(c), 14(c) and 15 of the Copyright Act, 1957 read as under:

“2(c) “artistic work” means,--

(i) a painting, a sculpture, a drawing (including a diagram, map, chart or plan), an engraving or a photograph, whether or not any such work possesses artistic quality;

(ii) a (work of architecture); and

(iii) any other work of artistic craftsmanship;”

“14(c) in the case of an artistic work,--

(i) to reproduce the work in any material form including-

(A) the string of it in any medium by electronic or other means; or

(B) depiction in three-dimensions of a three-dimensional work;

(C) depiction in two-dimensions of a three-dimensional work;)

(ii) to communicate the work to the public;

(iii) to issue copies of the work to the public not being copies already in circulation;

(iv) to include the work in any cinematograph film;

(v) to make any adaptation of the work;

(vi) to do in relation to an adaptation of the work any of the acts specified in relation to the work in sub-clauses (i) to (iv);”

“15. Special provision regarding copyright in designs registered or capable of being registered under the (Designs Act, 2000 (16 of 2000))—

(1) Copyright shall not subsist under this Act in any design which is registered under the (Designs Act, 2000 (16 of 2000))

(2) Copyright in any design, which is capable of being registered under the (Designs Act, 2000 (16 of 2000)), but which has not been so registered, shall cease as soon as any article to which the design has been applied has been reproduced more than fifty times by an industrial process by the owner of the copyright, or, with his licence, by any other person.”

11(i) Let us first turn to the definition of a design under the Designs Act, 2000. A reading of the definition of design shows that design is a shape, configuration or pattern etc which is applied to an article whether the article

is two dimensional or three dimensional. The shape, configuration of pattern is applied to the article having three dimensions or two dimensions by an industrial process or means. The article which is produced by an industrial process by applying the shape etc to the article, for the purposes of judging its validity as a design is to be judged solely by the eyes. A mere mechanical device or a mode or principle of construction of a mechanical device is excluded from the definition of a design. A subject matter of work which will fall under the Trademarks Act, 1999 and artistic work under Section 2(c) of the Copyright Act would also be not included in the definition of design.

(ii) Therefore, as per the Designs Act, a design itself is not sold but what is sold is an article which is produced from the application of the design by using an industrial process. Unlike a design which is used for manufacture of an article by industrial process, a design/drawing which is the subject matter of the Copyright Act is sold not for the purpose of making any article by applying of the design but the design/copyright work itself is sold as a copyrighted material i.e the difference between the copyright created under the Designs Act and the copyright in an artistic work under the Copyright Act is that a design under the Designs Act is used to produce an article

whereas a copyright in an artistic work under the Copyright Act is sold in itself and not that any article further produced by application of the copyrighted work having a copyright under the Copyright Act. Since there is some overlapping between a drawing/design which can be both an artistic work under the Copyright Act as also a design under the Designs Act, Section 15 of the Copyright Act makes it clear that a drawing/design which is registered under the Designs Act will not be the subject matter of a copyright under the Copyright Act, and, whether a design on account of its originality in its/because of its application to article can be registered under the Designs Act, but however is not registered, then, the drawing/design will no doubt have a copyright under the Copyright Act, but that copyright under the Copyright Act, 1957 in the drawing/design will cease as soon as an article is produced more than 50 times by an industrial process by application of the drawing/design which has copyright as an artistic work under the Copyright Act. Putting it differently, a drawing/design which is an artistic work under the Copyright Act, as also under the Designs Act, if not registered under the Designs Act, will have protection under the Copyright Act only till the design is used not more than 50 times by an industrial process to produce an article by means of the application of the drawing/design. Once the 51st article is produced by application of

drawing/design there will be no copyright under the Copyright Act, 1957 in the drawing/design thereafter in the work which was an artistic work having copyright under the Copyright Act and rights for the said drawings under the Designs Act, 2000 can only exist if the drawing/design is got registered under the Designs Act, 2000 before making of the 51st article from the drawing/design. In other words, if a drawing/design which is an artistic work under the Copyright work and which is used by an industrial process for producing an article, then in such case once the 51st article is produced by application of the design with an industrial process, then, unless the drawing/design is registered under the Designs Act, the owner of the copyright work i.e drawing/design will no longer be entitled to claim exclusivity of an entitlement to use the drawing/design because of rights which were created under the Copyright Act, 1957 because originally the drawing/design was an artistic work having a copyright under the Copyright Act.

12. Since in the present case no rights are claimed with respect to machine which manufactures a particular shape of the comb under the Patents Act, 1970 or under the Designs Act, 2000 we have to see the entitlement of the respondent/plaintiff to the drawing/design only under the Copyright Act and

once that is so Section 15(2) comes into play. It is not disputed before this Court that more than 50 articles/combs have been manufactured by the respondent/plaintiff by applying the drawing/design by the machine/industrial process and consequently it is clear that no rights can be claimed with respect to drawing/design under the Copyright Act.

13. Learned counsel for the respondent strongly argued that the entitlement of the respondent/plaintiff is to produce three dimensional or two dimensional articles by use of the designs/drawings because of the right of the respondent/plaintiff in the machine and the drawings/designs from which the machine is made and that respondent/plaintiff is not barred under Section 15 of the Copyright Act, however, there is no substance whatsoever in this argument because Section 14(c) deals with an entitlement of a person who is the owner of the copyright because of existence/continuation of existence of the copyright in the artistic work, but, Section 15(2) makes it clear that the entitlement of a copyright owner in an artistic work/drawing/design is lost once from the drawing/design an article is produced more than 50 times by means of an industrial process. Once the copyright is lost under Section 15 of the Copyright Act, Section 14(c) of the Act cannot be read as to again

confer a copyright in an artistic work although the same is lost by virtue of Section 15 of the said Act.

14. Learned counsel for the respondent placed reliance upon three judgments of three learned single judges of this Court to argue the proposition that a right under Section 14(c) in spite of Section 15(2) of the Copyright Act can exist, and which judgments are :

(i) ***John Richard Brady and Ors. Vs. Chemical Process Equipments P. Ltd. and Anr., AIR 1987 Delhi 372;***

(ii) ***Escorts Construction Equipment Ltd. & Anr. Vs. Action Construction Equipment Pvt. Ltd. & Anr., 1999 PTC 36 (DEL);***

(iii) ***Puneet Industrial Controls Pvt. Ltd. vs. Classic Electronics, 1997 PTC (17).***

15. I have gone through the judgments which have been relied upon by the respondent/plaintiff and also the cited paras, however, none of the judgments deal with the interpretation of Section 15(2) as is argued by the respondent/plaintiff and the judgments do not hold that a copyright in an artistic copyright work is not lost after 51st article is produced by application of the copyrighted artistic work/design by an industrial process for

producing of the article. The judgments cited on behalf of the respondent/plaintiff therefore do not touch the issue at hand, and therefore, do not help the respondent/plaintiff because these judgments do not deal with the issue when copyright is lost because of Section 15(2) of the Copyright Act.

16. It is quite clear that not only the injunction application filed by the respondent/plaintiff was misconceived but the suit itself is misconceived and the cause of action and the relief prayed for therein will fly in the face of Section 15(2) of the Copyright Act, 1957 if relief is granted in terms of plaint, whether final or interim. Obviously, the suit has been filed on the basis of incorrect legal advice by deliberately ignoring the binding provision of Section 15(2) of the Copyright Act. The trial court has allowed the injunction application without referring to the vital provision of Section 15(2) and consequently the impugned judgment is totally illegal being set aside. In commercial cases costs must follow the event, more so in the facts of the present case where the suit is misconceived and is filed ignoring the statutory mandate of Section 15(2) of the Copyright Act and which has resulted in stopping of the concerned business of the appellant/defendant. I am empowered to impose costs in terms of *Volume V* of the *Punjab High*

Court Rules and Orders (as applicable to Delhi) Chapter VI Part I Rule 15

I may note that the Supreme Court in the judgment in the case of ***Ramrameshwari Devi & Ors. Vs Nirmala Devi & Ors. (2011) 8 SCC 249*** has held that it is high time that in frivolous litigations, exemplary and actual costs must be imposed.

17. The appeal is therefore allowed with costs of Rs. 1 lakh. Costs be paid within a period of eight weeks from today.

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18. The issue in this appeal is similar as has been decided in FAO 128/2014 above, and accordingly this appeal is also allowed with costs of Rs. 1 lakh. Costs be paid within a period of eight weeks from today.

MAY 05, 2014
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VALMIKI J. MEHTA, J.