

IN THE HIGH COURT OF BOMBAY AT GOA**CIVIL SUIT NO. 2 OF 2003**

Herbertsons Ltd., A Company
incorporated under the Indian
Companies Act, 1913 and having
its registered office at Ewart
House, 22 Homi Mody Street,
Mumbai 400 023. Plaintiff

Versus

Crag Martin Distillery Private
Limited, A Company incorporated
under the Companies Act, 1956 and
having its office at Tilamol,
Quepem, Goa. Defendant

Shri Yogesh V. Nadkarni with Ms. Divya Shirgam
Advocates for the Plaintiff.

Shri Valmiki Menezes with Shri Akshay Shirodkar,
Advocates for the Defendant.

CORAM:- C. V. BHADANG, J.

RESERVED ON:- 3rd AUGUST, 2016

PRONOUNCED ON:- 14th OCTOBER, 2016

JUDGMENT:

This is a suit for injunction and damages,
in which the defendant has lodged a counter claim.

2. The plaintiff's case is as under:

The plaintiff is a company incorporated under the Indian Companies Act and is inter-alia engaged in the business of manufacturing and selling of brandy, whisky and other alcoholic beverages. The defendant is also incorporated under the Indian Companies Act and is carrying on the business of manufacturing and selling of brandy and other alcoholic beverages. The plaintiff had applied to the Controller General of Patents, Designs and Trademarks, for registration of a design for their bottle. The same was granted on 11.08.2000, as design no. 183202 dated 11.08.2000, which is a Class-IV registration (the said design, for short). The said design was registered under the Designs Act, 1911 (the old Act, for short). The Designs Act, 2000 (the Act of 2000, for short) came into force on 11.05.2001. As per Section 48(2) of the Act of 2000, any registration certificate issued under the old Act, which is in force at the

commencement of the new Act, continues to be in force and has the effect as if, made under the corresponding provision of the new Act. The said registration was initially for a period of 10 years i.e. upto 11.08.2010.

3. According to the plaintiff, the said design is having a novel shape, configuration and height, in which the plaintiff was marketing 750 ml. of 'Honey Bee Premium Brandy'. The said design is having distinctive shape and appearance as depicted in Exhibits B-1 to B-3. According to the plaintiff, the said design has come to be associated by the traders and the members of the public, exclusively with the plaintiff. It is claimed that the said brandy is popular and has extensive sale in the market.

4. Sometime in the last week of August, 2001, the plaintiff came across 'Sonata Premium Brandy'

sold by the defendant, in a bottle, which was identical to the said design no. 183202. The said bottles are depicted at Exhibits E-1 to E-3. In short, according to the plaintiff, the defendant has used identical design for their bottles by copying the said design, which is registered in the name of the plaintiff and has thereby, caused deception and confusion in the market. This according to the plaintiff is infringement of the copy right of the plaintiff in the said design. It is an unauthorized use of the registered design of the bottle or obvious imitation thereof, which is bound to infringe the plaintiff's copy right in the said design. The plaintiff contended that considerable amount of money has been spent as publicity expenses and promotional expenses in marketing the bottle having the said design.

5. On 13.09.2001, the plaintiff issued a legal notice to the defendant to desist from selling or

offering for sale of their brandy or any other alcoholic beverage in a bottle having identical design or a colourable imitation of the said design bearing registration no. 183202. The plaintiff also claimed damages of Rs.5 crores from the defendant. On 28.09.2001, the defendant requested the plaintiff to furnish the details of the registration of the design, which was accordingly supplied on 04.10.2001. Immediately thereafter, the plaintiff filed the present suit on 10.10.2001 before the learned District Judge, South Goa at Margao for permanent injunction and damages for infringement of the copy right in their registered design. According to the plaintiff, the certificate dated 20.12.2000, which was initially valid upto 11.08.2010, has been extended for five years i.e. upto 11.08.2015. The plaintiff claims that although, they have not received the registration certificate for the extended period, the Trade Marks Attorney of the plaintiff, vide E-Mail dated

08.10.2012, has confirmed that the validity of the registration has been so extended. Be that as it may, the plaintiff is seeking an injunction against the defendant from using in any manner or marketing of their brandy in bottle of similar or having colorful imitation or having deceptively similar design to the said design. The plaintiff is also claiming damages of Rs.5 crores or in the alternative, for direction to the defendant to render true and correct account of all the profits earned by them, by unauthorised use of the said design and/or using any other bottle having plaintiff's registered design.

6. The plaintiff also claimed temporary injunction against the defendant, which was granted by the learned District Judge on 11.10.2001.

7. The defendant filed its written statement and raised a counter claim. It is contented that

the registration of the design no. 183202 under Class-IV registration, under the provisions of old Act and the Design Rules made thereunder, is liable to be cancelled on the ground that it is not a design as defined under Section (2) (d) of the Act of 2000. It is contended that the design is neither new, nor an original design. It is contended that the design is not significantly distinguishable from the known design or combination of known designs and that the design has already been disclosed to the public throughout the world, including India by publication in tangible, form for various purposes, much prior to the filing of the application for registration by the plaintiff. In short, it is contended that the said design is neither new nor original, insofar as shape, feature, pattern, configuration, ornament or composition of colour or line is concerned. The shape comprises of a round bottom and cylindrical body, which is by no means novel. It is contended that maximum number of

bottles, in which alcoholic beverages are sold have round bottom and cylindrical body. It is denied that there is any similarity between the name of the brandy, namely 'Sonata Brandy', manufactured and sold by the defendant and the name 'Honey Bee', which is manufactured and sold by the plaintiff, through their Associate Company, McDowell and Company Limited.

8. It is contended that the defendant is neither the manufacturer nor a dealer for the bottles and the business of the defendant is neither to manufacture the bottles or sell the bottles, as such, the suit is not maintainable. It is contended that the plaintiff have acted in breach of provisions of Section 15(1)(a)(b) of the Act of 2000, in as much as it is not shown that the plaintiff have furnished to the Controller of the Patents and Designs in the prescribed form under the provisions of the Act of 2000, the specimen of the

design and the bottle is not being marked/embossed with the prescribed mark, words or figures denoting that the design is registered. It is contended that in the absence of the same, the plaintiff is not entitled to recover any damages. It is contended that the non-compliance with the provisions appears to be deliberate and intentional, with the object to attempt to entrap the defendant and other unsuspecting parties, thereby raising huge claim by way of damages.

9. It is contended that the manufacturer from whom the defendant had purchased the bottles also did not have any knowledge about the registration. It is contended that in such cases, the manufacturer insists that in the event, they had any such knowledge of the registration, they would have not manufactured or supplied such bottles to the defendant.

10. The defendant however, have made it clear that during the currency of the registration in favour of the plaintiff, they have no intention to sell their 'Sonata Brandy' in bottles, having the said design, which forms the subject matter of the suit. It is contended that the defendant has commenced sale of their 'Sonata Brandy' in bottles having different shape and has stopped forthwith the orders with the manufacturer, which are allegedly offending the copy right of the plaintiff in the said design.

11. It is contented that the defendant has thus shown bonafides by promptly stopping the sale and by placement of orders for manufacture of bottles of different shapes and by offering to hand over the existing bottles. It is thus denied that the defendant has infringed the copy right of the plaintiff in the said design by way of any deliberate, fraudulent or dishonest intention.

12. By way of counter claim, the defendant is seeking cancellation of the registration no. 183202 in favour of the plaintiff and for directing the plaintiff to pay a sum of Rs.22 lakhs to the defendant, alongwith interest as the defendant was required to recall the stock, which was already supplied and to destroy the same. It is also contended that, on account of this, the orders for supply of 'Sonata Brandy' could not be executed because of which, the defendant has suffered losses for the period from 2001-2002.

13. In view of the fact that the defendant had claimed cancellation of the registration of the said design, on the grounds as specified in Section 19 of the Act of 2000, the suit came to be transferred to this Court, in view of Section 22(4) of the Act of 2000. It may be mentioned that by order dated 25.03.2004, this Court continued the interim relief, which was already granted in terms of prayer clause

(a) of the application for temporary injunction.

14. On the basis of the rival pleadings the following issues came to be framed in this suit. I have recorded my findings against the same for the reasons, which follow:

<u>Issues</u>	<u>Findings</u>
1. Whether the plaintiffs prove that the defendant have infringed the plaintiffs' registered design no. 183202 ?	In the Negative
2. Whether plaintiffs prove that by using the impugned design the defendants are passing off and/or likely to pass off their brandy as and for those of the plaintiffs ?	In the Negative
3. Whether the plaintiffs are entitled to compensation of Rs.5,00,00,000/- for the loss and damages suffered by them ?	In the Negative

4. Whether the plaintiffs prove that they are entitled for a perpetual injunction against the defendants restraining them from using in any manner the impugned bottles shown in Exhibits E-1 to E-3 or any other bottles which are colourable imitation of plaintiffs' registered design no. 183202 ?

Does not survive

5. Whether the defendants prove that the registered design no. 183202 obtained by the plaintiffs is liable to be cancelled ?

Does not survive

6. Whether the defendants prove that they are entitled for decree directing the plaintiffs to pay a sum of Rs.22,00,000/- alongwith interest at the rate of 10% per annum ?"

In the Negative

15. At the trial, the plaintiff examined Mr. A. Raghunathan (PW-1), who is its Executive Vice President, Finance and Accounts, while the defendant examined Mr. P.C. George Joseph (DW-1), who is one of its Director. Both the parties produced certain documents. The plaintiff has filed an affidavit of one Mahesh Nedungadi, Senior General Manager (Legal) on 02.04.2013, which is only on the aspect of renewal of the registration of the design for the period from 11.08.2010 to 11.08.2015.

16. I have heard Shri Nadkarni, the learned Counsel for the plaintiff and Shri Menezes, the learned Counsel for the defendant.

17. It is submitted on behalf of the plaintiff that the plaintiff has copy right in the registered design of the bottle, which continues under the Act of 2000. It is submitted that under Section 20 of the Act of 2000, the provisions of Chapter XVII of

the Patents Act, 1970, apply to the registered design, as they apply to patents. Thus, the plaintiff is entitled to bring an action for infringement of the copy right of the design. It is submitted that, it is not open to the defendant to seek cancellation of the design on the ground that it is not a unique, new or a novel design. It is submitted that under Section 19 of the Act of 2000, it is exclusive jurisdiction of the Controller to entertain a claim for cancellation, which cannot be laid before this Court in a suit, as this Court has a purely Appellate jurisdiction, in the matter.

Reliance is placed on the decision of the Supreme Court in the case of **Godrej Sara Lee Limited Vs. Reckitt Benckiser Australia Pty. Limited and Another, (2010) 2 SCC 535**. It is submitted that thus, the counter claim for cancellation of the registered design, is not maintainable. The learned Counsel submits that the registration was in force only upto 11.08.2015 and as such, the claim for

cancellation would be infructuous. The learned Counsel has submitted that the defendant has produced certain letters, which are taken on record provisionally and the author of the letter is not examined and as such, no reliance can be placed on the same. Insofar as the compliance with Section 15(1)(b) of the Act is concerned, it is contented that the registration mark has been embossed in the said design after June, 2001. He therefore submits that the plaintiff is entitled to damages, as claimed on account of infringement of their copy right in the said design. Insofar as the counter claim for damages is concerned, it is contended that there is no acceptable evidence about the defendant having recalled the stock of 'Sonata Brandy' from the market and having incurred losses on account of the alleged destruction of the same.

18. On the contrary, Shri Menezes, the learned Counsel for the defendant has submitted that the

said design is not an original design and as such, it is not registrable under the Act of 1911 or the Act of 2000. It is submitted that in any event, the claim made in the prayer clause (a) of the plaint does not survive. The learned Counsel has submitted that the plaintiff has failed to show compliance with Section 15(1) (a) and (b) of the Act of 2000, in as much as it has come on record that the impugned bottles were not carrying the particulars of the registration embossed on them and as such, the plaintiff is not entitled to recover any penalty or damages for infringement of their copy right. The learned Counsel submitted that in terms of Section 15(b) of the Act of 2000, it has to be shown that infringement has taken place after the person guilty thereof, knew or had received the notice of the existence of the copy right in the design. It is submitted that the plaintiff has failed to establish that the defendant even after, knowledge or notice of the existence of the copy right in the design,

has done something in the nature of the infringement thereof. He contended that the defendant immediately started sale of 'Sonata Brandy' in a different bottle than the bottle having the said design. It is submitted that infact, the defendant has suffered damages on account of recall of existing stock and failure to honour the sale commitments. He therefore submits that the suit be dismissed and the counter claim be decreed.

As to Issue Nos. 4 and 5:

19. It is necessary to steer clear of these issues, at the outset as they no longer survive for determination. It is well settled that the Court can take notice of the subsequent developments, which have a bearing on the relief claimed. Insofar as issue no. 4 is concerned, the plaintiff is claiming permanent injunction against the defendant, restraining them from using in any manner the bottle (Exhibits E-1 to E-3), having the said design or any

other bottles which are colourable imitation of plaintiff's registered design no. 183202. Admittedly, the registration of the design was in force initially for a period of 10 years i.e. upto 11.08.2010. According to the plaintiff, the said period is extended for 5 years i.e. upto 11.08.2015. The plaintiff has not produced any certificate from the Controller on extension, but is relying on the E-Mail dated 08.10.2012, sent by their Trade Marks Attorney and the affidavit of Mahesh Nedungadi. Be that as it may, even assuming that there was an extension of the registration for five years, the same has expired on 11.08.2015 and it is neither claimed nor shown that there is any further extension. It is evident that the grant of injunction from infringement of the copy right in the said design presupposes that the registration of the design is in force. Thus, the registration of the design having expired on 11.08.2015, there is no question of injunction being granted. It is

necessary to mention at this stage that the learned District Judge had granted temporary injunction on 11.10.2001, which was continued by this Court vide orders dated 25.03.2004 and was all along in force during the pendency of the suit. The defendant has come out with a clear case that on getting knowledge about the registration, they have started marketing its 'Sonata Brandy' in bottles having different shape. It is neither claimed nor shown that there was any breach of the said injunction, which was granted. Thus, the claim for permanent injunction in my considered view does not survive in this case.

20. Similar considerations would arise, as regards the claim for cancellation of registration. Such a claim also presupposes that the registration of the design is in force.

21. That apart, in the case of **Godrej Sara Lee Limited** (supra), the Hon'ble Apex Court after

considering the provisions of Section 51-A(1)(a) of the Act of 1911 and Section 19(1) of the Act of 2000, has held that the intention of the legislature is that, under the Act of 2000, an application for cancellation of the design would lie before the Controller, exclusively, without the High Court having parallel jurisdiction to entertain such dispute. The following observations in paragraph-26 are apposite.

"26.The basic difference, therefore, as was pointed out to the High Court and noticed by it, is that while under Section 19 of the 2000 Act an application for cancellation would have to be made to the Controller of Designs, under Section 51-A of the 1911 Act, an application could be preferred either to the High Court or within one year from the date of registration to the Controller on the grounds specified under Sub-clauses (i) and (ii) of Clause (a) of Section 51-A(1). Under Section 19 of the 2000 Act the power of

cancellation of the registration lies wholly with the Controller. On the other hand, an application for cancellation of a design could be made directly to the High Court under Section 51-A(1) of the 1911 Act. Under the 2000 Act, the High Court would be entitled to assume jurisdiction only at the appellate stage, whereas under Section 51-A of the 1911 Act the High Court could itself directly cancel the registration."

22. Thus, I find that in the facts of the present case and the registration of the said design having expired by efflux of time, even otherwise, the claim for cancellation does not survive. The issues are answered accordingly.

As to Issue Nos. 1, 2 and 3:

23. These issues can be taken up together for consideration. The case made out by the plaintiff is short and simple namely, about the infringement

of the copy right in the registered design of their bottle. It would be necessary to refer to the provisions of Section 15(1) (a) and (b) of the Act of 2000 in this regard, which may be reproduced as under:

"15. Requirements before delivery on sales.-(1) Before delivery on sale of any articles to which a registered design has been applied, the proprietor shall-

(a) (if exact representations or specimens were not furnished on the application for registration) furnish to the Controller the prescribed number of exact representations or specimens of the design; and, if he fails to do so, the Controller may, after giving notice thereof to the proprietor, erase his name from the register and thereupon the copyright in the design shall cease; and

(b) cause each such article to be marked with the prescribed mark, or with the prescribed words or figures

denoting that the design is registered; and, if he fails to do so, the proprietor shall not be entitled to recover any penalty or damages in respect of any infringement of his copyright in the design unless he shows that he took all proper steps to ensure the marking of the article, or unless he shows that the infringement took place after the person guilty thereof knew or had received notice of the existence of the copyright in the design.

24. It can thus be seen that under Section 15(1) (b) of the Act of 2000, the proprietor before delivery of sale of any article, to which a registered design has been applied, shall cause each such article to be marked with the prescribed mark or prescribed words or figure and if, he fails to do so, the proprietor shall not be entitled to recover any penalty or damages in respect of any

infringement of his copy right in the design, unless he takes all proper steps to ensure the marking of the article, or unless he shows that the infringement took place after the person guilty thereof knew or had received notice of the existence of the copy right in the design.

25. It has come in the evidence of Raghunathan (PW-1) that he has always headed the Finance and Accounts Section of the Company and it is the marketing section which is concerned with the making of the designs and advertisement of various brands belonging to the company. He states that the designing labels, cartons, bottles etc. are contracted to persons outside the Company. It is the marketing section which deals with various works concerning the contracts of designing. The Finance Department has nothing to do with the agents or contractors, who do the work of designing. This witness has stated that he is not aware of the

bottles used by other competitors in the market and he admits that cylindrical bottles with round bottom are commonly used to market alcoholic beverages. He also admits that the bottle of 750 ml, which is also known as Quart bottle is one of the standard measure under the Weights and Measures Act. He states that presently 750 ml. of 'Honey Bee' brandy is being sold with a pilfer proof cap, better known as Guala cap, which was commenced in the year 2003. At the time when the registration of the design was applied for and was granted, the bottles did not have any pilfer proof cap. What is significant to note is that this witness has admitted that the design registration mark was embossed on the bottle "at the end of the year 2001" i.e. after June, 2001. He was unable to give the name of the manufacture of the bottles having design registration number embossed on the bottle. He was also unable to state the exact date of the first consignment with the design registration mark embossed on the bottles, which

were received by the plaintiff, from the manufacturer. This witness has categorically admitted and has said that "it may be that", on the day, the plaint was filed i.e. on 10.10.2001, the 750 ml. bottles of 'Honey Bee' brandy sold by the plaintiff in the market did not have the design registration mark embossed on them. The plaintiff has produced the photograph Exhibits PW-1/B along with the plaint. PW-1 says that the design registration number is normally embossed on the base of the bottle. On seeing the photographs at Exhibit PW-1/B, the witness says that it is not possible to make out whether the design registration number is embossed on it. He further states that he is neither having the bottle of which the photograph is filed nor it can be produced. This witness was shown the bottle of 'Honey Bee' brandy (bearing Batch No. 055 of April, 2002), which the witness admits to be similar to photograph Exhibit PW-1/B (The said bottle was taken on record as Exhibit PW-

1/U). On seeing the said bottle, the witness admits that the said bottle does not have the design registration number embossed on it. This witness has made it clear the registered design was only with regard to the bottle and does not include the pilfer proof cap namely, the Guala cap. He admits that the registration of design is under Class-IV registration, which is for a bottle. He was unable to say whether the height of the bottle was specified, when the plaintiff's company applied for the registration of the design. He is not aware of any stages pertaining to grant of registration of the design. This witness was also confronted with the omission in the plaint as to any specific date when the design registration number was embossed on the bottle of 'Honey Bee' brandy, put in the market. The notice issued on 13.09.2001 also does not make any mention about the embossing of the registration number pertaining to the design of the bottle.

26. It can thus be seen from the evidence of the plaintiff that the particulars as to the registration number embossed on the bottle, which was put in the market, was some time at the end of 2001. The evidence also discloses that there was a certain change which was effected in June, 2002, when the bottle carried a pilfer proof cap. I thus find that the plaintiff has failed to comply with the provisions of Section 15(1)(b) and thus, would not be entitled to claim any penalty or damages in respect of the alleged infringement. Further more, under Section 15(1)(b) of the Act of 2000, the plaintiff has to establish that it took all proper steps to ensure the marking of the article or has to show that the infringement took place after the person guilty thereof, knew of the existing copy right in the design. Quite to the contrary, in the present case, the record shows that immediately after the notice was sent by the plaintiff, the defendant sought details of the registration and on

receipt of the same, have started marketing of their 'Sonata Brandy' in bottles of a different shape. In my considered view, the defendant has acted bonafidely in the matter. Even so far as quantum of damages claimed is concerned, PW-1 has produced a letter dated 24.08.2004 showing the statement of sales figures, advertisement and sales expenses for the period from August, 2000 to August, 2001. The witness claims that the figure 1,26,79,000/- shown in the first column of the said certificate is "typed by mistake" and the correct figure is 11,26,79,000/-. The defendant has objected to the production of the certificate on the ground that the said witness is not the author of the same and the document is provisionally taken and marked as Exhibit PW-1/I. PW-1 has further produced certain original invoice/bills, which are provisionally taken on record and marked Exhibits PW-1/J to PW-1/T (subject to objection). The plaintiff has not examined any other witness to prove these documents,

which are provisionally taken on record and subject to objection. It is difficult to act on the basis of the documents Exhibit PW-1/I, in which PW-1 who is not the author of the said document, claims that the figure 1,26,79,000/- is not correctly shown and the correct figure is 11,26,79,000/-. At any rate, the document cannot be acted upon much less to establish the probable loss/damages suffered by the plaintiff on account of the alleged infringement of the copy right. Thus in my considered view, the plaintiff has failed to make out a case for grant of compensation.

27. The basic claim of the plaintiff is the breach of the copy right of the registered design of the bottle. The plaintiff also claims that the defendant has adopted and used labels, which are deceptively similar to the labels affixed on 'Honey Bee' brandy bottles. It is contended that in July, 2001, the plaintiff came across the label of 'Sonata

Brandy' bottle, which is deceptively similar to the 'Honey Bee' brandy label of the plaintiff. The plaintiff wrote a letter dated 26.07.2001 asking the defendant to cease the use of the labels and the defendant stopped using it and thereafter, the defendant has started using the bottles having the registered design. PW-1 was cross examined as to the trademark 'Honey Guide' brandy and 'Honey Grape' brandy, which is said to be owned by the defendant. PW-1 states that he does not know whether the name "Honey" is used commonly for brandies in India. In any case, the plaintiff has failed to establish that the defendant is guilty of passing off action on account of use of the name 'Honey Bee' brandy, which can be said to be deceptively similar. The mere use of the word "Honey" cannot per se make the name deceptively similar. I have also compared the label on the bottle at Exhibit-B/1 (of the plaintiff) and the label on the bottle at Exhibit-E/2 (of the defendant) and the labels cannot be said to be

similar, much less sufficient to cause deception of the prospective buyers. In such circumstances, the issue nos. 1, 2 and 3 are answered in the negative.

As to Issue No. 6:

28. This takes me to the counter claim of the defendant. It is contended that the registration of the design by the plaintiff (which is commonly used, while marketing alcoholic beverages), has adversely affected sale of 'Sonata Brandy', because of which, the defendant had to recall the stock already supplied and destroy the stock, which was produced and stored. Similarly, the sale of 'Sonata Brandy' in other States could not be executed. It is in such circumstances that the defendant is claiming damages for the period from 2001-2002. In short, it is contended that, had the plaintiff complied with the provisions of Section 15(1)(b) of the Act of 2000, by embossing the registration number on the bottle, the defendant would not have incurred

losses. It is true that there is non-compliance of provisions of Section 15(1)(b) of the Act of 2000 by the plaintiff till atleast the end of 2001, when the registration particulars were so embossed. However, it is difficult to accept that this act was intentional in order to trap the unsuspecting party like the defendant or others, so as to "raise huge monetary claim by way of compensation". Although it is claimed by DW-1 that the defendant had to incur heavy losses particularly, in the States of Kerala and Union Territory of Mahe, as the defendant had to virtually refrain from making any supplies within time, although having firm orders/commitments, nothing has been produced on record to support the claim of compensation of Rs.5 lakhs per year. The documents produced by the defendant are also provisionally taken on record, during the evidence of DW-1. They are not formally proved and as such, cannot be acted upon. The defendant has failed to establish the claim. In the result the issue is

answered in the negative.

29. In the face of the findings above, the following order is passed:

O R D E R

(a) The suit as well as the counter claim, are dismissed.

(b) In the circumstances, there shall be no order as to costs.

(c) Decree be drawn accordingly.

C. V. BHADANG, J.

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