

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 06.09.2018

CORAM

THE HONOURABLE Mr.JUSTICE M.SATHYANARAYANAN
and
THE HONOURABLE Mr.JUSTICE N.SESHASAYEE

O.S.A.Nos.360 & 361 of 2018
and CMP.Nos.15447 & 15448 of 2018

1.M/s. Dia Health Foods Pvt. Ltd.,
C-19, Focal Point, Phase-I
Ludhiana - 141 010.
State of Punjab.

2.M/S Overra Foods
957/3, Bhai Daya Singh Nagar
Barewal Road
Ludhiana
State of Punjab
Rep by its Partner Mr.Davinder Singh

3.Davinder Singh
C-19, Focal Point, Phase I
Ludhiana
Punjab - 141 010. Appellants in both appeals

सत्यमेव जयते
Vs.

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M/s.Diabliss Consumer Products Pvt. Ltd.,
Shripuram
1/283, Shripuram Street
Thoraipakkam, Chennai - 600 097
Rep by its Managing Director VR.Ramanathan

.. Respondent in both appeals

Common Prayer : Original Side Appeals filed under Order XXXVI Rule 9 of O.S. Rules read with Clause 15 of Amended Letters Patent 1865, under Section 13(1A) of Commercial Courts Act 2015, to set aside the judgment and decree dated 11.07.2018 in A.No.4015 of 2018 in C.S.No.302 of 2018 and in O.A.No.480 of 2018 in C.S.No.302 of 2018 and allow the present Original Side Appeals as prayed for.

A.No.4015 of 2018:

Application praying that this Hon'ble Court be pleased to set aside and vacate the order dated 28.04.2018 passed in O.A.No.480 of 2018 in C.S.No.302 of 2018 by this Hon'ble Court and award cost.

O.A.No.480 of 2018:

Original Application praying that this Honourable Court be pleased to grant INTERIM INJUNCTION restraining the Respondents herein their men servants or agents or distributors or anyone claiming under them from in any manner infringing the copy right of the applicant in the artistic design marked A herein and affixed herein for their products of sugar or any other products by selling reproducing adversiting or offering for sale of their goods with pouches/packing with infringing design marked B or any other deceptively similar to the plaintiffs artistic design marked A.

C.S.No.302 of 2018:

The Suit had been filed U/S 55 of the Copy right Act, 1957 r/w order VII rule 1 of CPC, seeking permanent injunction, restraining the Defendants or anybody acting under them from infringing the copyright of the plaintiff in the artistic design marked 'A' affixed herein for their products of sugar/print sugar or any other product by selling reproducing advertising or offering for sale their goods with the pouches/packaging with the infringing design marked 'B' or any other visually phonetically or deceptively similar to plaintiffs artistic design marked as 'A'.

For Appellants : Ms.Simrat Kaur
for M/s.Krishna Ravindran

For Caveator : Mr.AR. Karthick Lakshmanan
For M/s. AL. Ganthimathi

COMMON JUDGEMENT

[Order of the Court was made by M.SATHYANARAYANAN,J.]

The appellants are the respondents/defendants in O.A.No.480 of 2018 in C.S.No.302 of 2018 and the respondent is the applicant/plaintiff.

2. The plaintiff has laid the suit in C.S.No.302 of 2018 under Section 55 of the Copy Right Act, 1957, for infringement of its copyright. Pending disposal of the suit, the respondent/plaintiff filed an application in O.A.No.480 of 2018, praying for an order of ad-interim injunction restraining the defendants, their men, servants or agents or distributors or anyone claiming under them from in any manner infringing their copy right in the artistic design marked "A" herein and affixed herein for their products of sugar or any other products by selling, reproducing, advertising or offering for sale of their goods with pouches/packing with infringing design marked "B" or any other deceptively similar to the plaintiff's artistic design marked "A". Originally interim order was granted in favour of the respondent/plaintiff. Thereafter, the appellants/defendants filed an application in A.No.4015 of 2018, praying to vacate the said interim order, contending among other things that they have the benefit of restrain of the subject, artistic design under the Trade Marks Act, 1999 under Trade Mark No.3664179, which relate back to 26.10.2017 and that registration was granted on 19.04.2018, which was prior to the institution of the suit. The learned Single Judge has taken note of the said fact and vacated the interim order, vide order dated 08.06.2018; however granted liberty to the plaintiff as well the defendants to advance their arguments afresh, not only on the issues raised in the plaint, but also in the applications filed for vacating the injunction and also on all other aspects touching the subject matter of the suit. Therefore, arguments were advanced in both applications viz., O.A.No.480 of 2018, filed seeking an interim injunction and also in A.No.4015 of 2018, filed for vacating the interim injunction.

3. Facts leading to this litigation have been narrated in detail in the impugned order dated 11.07.2018 in O.A.No.480 of 2018 and also in A.No.4015 of 2018 in C.S.No.302 of 2018 and therefore, it is unnecessary to reproduce the same here, except to cull out the relevant facts for the purpose of disposal of this appeal. For the sake of convenience, the array of parties referred to in the plaint is adopted here.

4.1 It is the case of the plaintiff that it is carrying on business in the manufacture and distribution of various foods products such as Diabliss Sugar, Diabliss Herbal Lemon Tea, Diabliss mixed fruit jam etc., and created artistic design for the pouch 'Diabliss Diabetic Friendly Sugar' in June 2015 and this design was made for the plaintiff by M/s. Fifth Estate Communications Pvt. Ltd., Chennai - 600 086 and the printing of flexible packing pouches was done by M/s. Darshan Flexibles Pvt. Ltd., Mysore and Print Cylinders. The plaintiff is the first owner of the copyright in the said artistic work and the artistic design has been specifically created for its products Diabliss Sugar and it has been used by it ever since June, 2015. It is the further case of the plaintiff that the first defendant had entered into an agreement with him as distributor on 10.10.2016 for various products manufactured by the plaintiff and thereby it got access to the pouches of the various products of the plaintiff. While the said business arrangement between them was going on smoothly in terms of the agreement, the plaintiff suddenly felt that off take of the goods by the first defendant was drastically falling and this developed a suspicion and moreover, for the goods supplied by the plaintiff to the first defendant, there were arrears amount payable and in this regard, several emails were sent and phone calls were made, but the first defendant failed to respond to it and did not care to settle the arrears amount.

4.2. In the meanwhile, the plaintiff came to know that a Food Exhibition was organised in New Delhi at Pragati Maidan, scheduled between 13th to 17 March, 2018 and thereafter, with a view to promote its business, the plaintiff booked a stall for exhibiting his products inclusive of Diabliss Sugar. On coming to know that the second defendant has lodged a complaint to the Indian Trade Promotion Organisation (ITPO), stating that the products of the plaintiff contain similar artistic design of its products and it would amount to violation of Patent/Trade Mark/Copyright Act. In response, the said Organisation (ITPO) sent a communication to the plaintiff on 12.3.2018 and requested the plaintiff not to display any articles that have the artistic design of the second defendant. It is stated by the plaintiff that only on receipt of the said communication from ITPO, it became aware of the act of infringement of its trade mark and his rights under copyright. In the interregnum, the second defendant also caused a cease and desist notice dated 11.03.2018 to the plaintiff against unauthorised copying, reproduction and use of the copyrighted artistic work, for which a suitable reply dated 12.03.2018 was sent by the plaintiff, asserting that he is the owner of the copyright in respect of said design.

4.3. It is the specific case of the plaintiff that its company was being incorporated in the year 2011 and the artistic design was made during May, 2015 and was continuously used by it since then and it also incurred substantial expenditure for advertisement of its products, and that trade and consumers have also identified the artistic design of the product "Diabliss" through a network of distributors all over India and abroad. The first defendant, who was the agent, marketing the products of the plaintiff in North India, with ulterior motive, copied the said artistic design of the plaintiff and marketed his sugar products with the same artistic design and thereby, the second defendant, the partnership firm of the first defendant started using the artistic design. It is the contention of the plaintiff that the second defendant firm was started only in October, 2017, whereas the plaintiff has commenced its business during June, 2015 and as such, the plaintiff is the absolute owner of the said copyright and artistic design.

4.4. The plaintiff alleging infringement of their copyright, came forward to file the suit under Section 55 of the Copy Right Act, 1957, inasmuch as the present matter of commercial dispute comes within the definition "Commercial Dispute" as defined in Commercial Courts and Commercial Division and Commercial Appellate Division of High Courts Act, 2015 (Act 4 of 2016). As already pointed out, initially this Court finds a prima facie case is made out by the plaintiff and has granted an order of ad-interim injunction, vide order dated 28.04.2018 in O.A.No.480 of 2018 and subsequently on 08.06.2018, in the application in A.No.4015 of 2018, filed by the defendants seeking to vacate the interim injunction, it had passed an order vacating the injunction, granting liberty to both the parties to put forth their arguments afresh. Accordingly, arguments were advanced in the applications filed for vacating the injunction and also on the issues raised in the plaint.

5. Mr.Davinder Singh, the third defendant/ third applicant would contend in the common affidavit filed in support of the application in A.No.4015 of 2018 that the defendants have been engaged in the production and marketing of low G.I foods since long time and they are running a well established business in North India and their products are immensely getting popular in the market, and their Research & Development team are also continuously engaged in innovation and development of low GI products using natural and herbal ingredients. The appellants/defendants also refuted the allegations made in the plaint as well as in the application filed in support of ad-interim injunction, contending that their artistic design was

registered under Trade Mark No.3664179, vide Certificate No.1838572 in Class 30 issued by the Trade Mark Registry on 19.04.2018 for the usage from 26.10.2017, and the said registration was valid and subsisting from the date of passing an order of interim injunction and however the applicant (in O.A.No.480 of 2018) /plaintiff have deliberately concealed the said factum. Insofar as the certificate relied upon by the plaintiff, which was issued by M/s.Fifth Estate is concerned, the defendants took a stand that the certificate does not make any specific reference of the subject artistic design and authorship, whereas the defendants have produced the authorship signed by Rajinder Singh, enclosing NOC stating that he does not have any objection in the copyright of the said artistic design, registered in favour of any of the defendants. It was also pointed out by defendants that the subject artistic design was also shared by the applicants/defendants with the plaintiff, vide email dated 04.05.2015, and that prior commercial usage and any goodwill attached thereto is a factor to be considered in the case of passing off and there is no relevance in the suit for copyright infringement and as such, this Court does not have any jurisdiction to decide on the question of passing off and in order to establish the conflict of infringement, it is obligatory on the part of the plaintiff to prove its ownership in the copyright in the said design and it has failed to establish and however no evidence has been placed on record which speaks that the subject artistic design was created by M/s. Fifth Estate and that it transferred its copyright of the said design to the plaintiff. Therefore, the defendants prayed for vacating the injunction.

6. The respective learned counsels appearing for the parties, in the light of the liberty granted by the learned Judge, vide order dated 08.6.2018 in A.No.4015 of 2018 in O.A.No.480 of 2018 in C.S.No.302 of 2018 have advanced their arguments by placing reliance upon the documents.

7.1 The learned Judge after taking note of the submissions in the plaint and averments made in the application seeking interim injunction as well as in the application filed seeking to vacate the injunction and also taking note of the additional documents produced by the applicant/plaintiff, the agreement dated 01.4.2015 entered into between M/s.Fifth Estate Communications Private Limited with respect to developing advertisement details and also developing art works, as well as email dated 01.7.2015, which was prior to the agreement between the plaintiff and the first defendant and invoice dated 15.9.2015 with regard to printing of 4 lakhs pamphlets of Diabliss as well as the documents relied on by the respondents/defendants and also a cursory glance of the work products of artistic design in

paragraph Nos.29 & 30, he has recorded the finding that the documents produced by the defendants would clearly reveal that the no objection certificate and the affidavit of the Original Work issued by Rajinder Singh to the defendants 1 and 2, are both dated 12.3.2018 and relates to the creation of artistic work on or about May, 2015 and those documents are non-contemporaneous in nature and that both were attested by a Notary Public. In paragraph No.34 of his judgement, the learned Judge on perusal of the documents has recorded the finding that the applicant/plaintiff has been in the market from the year 2015 and in the year 2016, he has appointed the first defendant as his distributor and there was a specific arrangement between them to market the products of the plaintiff, and further recorded that though it is an admitted fact that the defendants have registered the trade mark, but that would not bar the plaintiff from seeking protection of the copyright found in the pouch. For such protection, they must establish a credible chain from the creator onwards.

7.2 The learned Judge has also gone through the email as well as the other documents of the defendants and in paragraph No.35 of his order and he has observed that the documents produced by the defendants does not inspire confidence, that the details regarding the creator of the artistic design, namely Rajinder Singh, is absent and even in the affidavit, Rajinder Singh's father name is not given and moreover, the certificate have been prepared in Indian Non-Judicial Stamp Papers and attested by the very same person, and those stamp papers were consecutive in number. Whereas the documents produced by the plaintiff are from the year 2015 onwards, they are contemporaneous in date and period, and that apart, the documents produced by the plaintiff inspire more confidence than the documents produced by the defendants. The learned Judge has also recorded in his findings that the defendants products bear the very same design of the plaintiff and that the first defendant being the distributor of the plaintiff, he could not claim more rights than his principal and also noted the statement of the plaintiff that the defendants taking advantage of being a distributor for plaintiff, had created their own design and are marketing the products under the name "DIABEAT". The learned Judge has also taken into consideration the decision of the Bombay High Court in Suit (L) No.1842 of 2012, dated 23.12.2014, [Lupin Limited Vs. Johnson and Johnson] cited by the defendants and has distinguished the said judgment, by observing in paragraph No.30 of his order that in the case on hand, the distributors namely the defendants who have been appointed by the plaintiff, has usurped the artistic design of the plaintiff and had only interchanged the word, 'DIABLISS' with 'DIABEAT' and had commenced operations and had produced two documents from Rajinder Singh, whose details are not disclosed and as such, this Court

can always step in to protect the copyright design of the plaintiff. The learned Judge has also relied on Section 17 of the Copyright Act, 1957 and the decision rendered by this Court Lalgudi G.Jayaraman Vs.Cleveland Cultural Allliance [MANU/TN/2297/2008] and recorded his finding in paragraph No.42 of his order that no explanation has been given as to why such documents and No Objection Certificates were not obtained immediately by the second defendant, as those documents were dated 12.03.2018 and the alleged artistic work was said to have been created in May 2015 and that the affidavit and the NOC given by Rajinder Singh are also not contemporaneous. The learned Judge, taking into consideration the rival submissions and the materials placed before him, have reached the conclusion that the plaintiff is entitled to injunction as prayed for and accordingly allowed the application in O.A.No.480 of 2018 and dismissed the application in A.No.4015 of 2018 filed by the defendants for vacating the interim order granted on 28.04.2018, vide his order dated 11.07.2018.

8. Challenging the legality of the said order, the present Original Side Appeals are filed.

9.1. The learned counsel appearing for the appellants/defendants would submit that their trade mark has been registered under the Trade Marks Act, 1999 under the registered Trade Mark No.3664179 Vide Certificate No.1838572 in Class 30 issued by the Trade Mark Registry on 19.04.2018 for the usage from 26.10.2017 and admittedly the label mark of the plaintiff was not even registered and the said artistic design of the appellants/defendants was created in May, 2015 by Rajinder Singh and since he is alive, his original works are currently protected by copyright and none of his works including the subject artistic design could be considered to have fallen in public domain and by virtue of the assignment deed dated 11.05.2018 executed by the creator of the said artistic design in favour of the third appellant/third defendant. The author of the artistic design viz., Rajinder Singh has issued NOC in favour of the appellants/defendants and he has also provided an affidavit of original work of artistic design dated 12.03.2018, and as such, they have the statutory protection to use the trade mark.

9.2. Insofar as the finding recorded by the learned Judge as to the distributorship of the products is concerned, it is the submission of the learned counsel for the appellants that in any way it would bar or prevent them from using the registered trade mark, and though the plaintiff claims that it became aware of the alleged infringement on the part of the defendants only when the

plaintiff received a communication from the Indian Trade Promotion Organisation (ITPO) and only after a month thereafter, the plaintiff had filed a suit for infringement of copyright.

9.3 The learned counsel for the appellants has drawn the attention of this Court to Section 17 of the Copyright Act and would submit that the two circumstances in which anybody else other than the original author become the copyright owner viz., the event when an assignment in writing, identifying the work in question, is executed by the author in favour of the other and the other circumstance is when the case falls under any of the exceptions spelt out under Clause 17. Admittedly, the plaintiff has not even mentioned the name of the original owner and no documents were produced evidencing that M/s.Fifth Estate Communications Pvt. Ltd., has been placed on record. Similarly, no documentary proof has been produced showing assignment of the copyright of the artistic design from M/s.Fifth Estate Communications Pvt. Ltd., to the plaintiff and in the absence of the written assignment, the ownership of copyright would vest only in the event that the present case falls under the exception provided under Section 17 and there is also a condition precedent stipulating that the author should produce the work in question "in the course of his employment under a contract of service or apprenticeship" and in the absence of any such material, the claim made by the plaintiff is wholly confirmed. It is also the submission of the learned counsel appearing for the appellants/defendants that their application for trademark registration was prior to the filing of the suit, that the plaint was presented on 24.04.2017 and whereas the registration of trade mark was granted on 19.04.2018 and since those details have been uploaded in the Registration Department website, it is obligatory on the part of the respondent/plaintiff to check the status of the application and this they have done and even they were aware of it before filing the suit, but no steps have been taken by the plaintiff to oppose the same and that the period fixed for opposition has also expired on 04.4.2018 and the application was published in the journal on 04.12.2017 and hence, it not open to them to oppose the registered trade mark of the appellants at this stage. The learned counsel also submitted that by virtue of the distribution agreement, there is no understanding in oral or documentary between the parties to the effect that the intellectual property right created by the appellants/defendants or renewed in favour of the appellants/defendants, during its term or post termination, would be automatically owned by the plaintiff. The learned counsel also contended that the defendants/appellants are the registered trademark owners and as per Section 28 of the Trade Marks Act, 1999, the registration is a prima facie proof of ownership throughout, till it is declared to be invalid by the statutory body and that they did not take

any steps to work out their remedy under the Trade Marks Act, 1999 and therefore, prays for allowing of this appeal and to set aside the impugned order.

10. Per contra, the learned counsel appearing for the respondent/plaintiff has invited the attention of this Court to the materials placed as well as the contents of the impugned order and would submit that the plaintiff is guilty of, for the reason that by the virtue of the distribution agreement dated 10.10.2016, entered into between him and the first defendant, and as per Clause 8.3, the distributor acknowledges that the company owns and retains all trademarks, copyrights and other proprietary rights in the products, and agrees that it will not at any time during or after the termination of this agreement, can seek to register trade mark, trade name, copyright or other proprietary right or assert or claim any interest in or take any action which may adversely affect the validity or enforceability of any trademark, trade name; trade secret, or copyright belonging to or licenced to the company and despite that it managed to register the trade mark on 19.04.2018 for usage with effect from 26.10.2017 and this was done after the distribution agreement dated 10.10.2016. It is the further submission of the learned Senior Counsel with regard to the alleged email said to have been sent by Davinder Singh, the third appellant, that no supporting documents have been filed and the learned Judge on thread bear analysis and on going through the entire materials has rightly reached a conclusion to grant injunction in their favour and would further add, since the findings have been reached by the learned Judge on thorough appreciation of materials, this Court as appellate jurisdiction, though entitled to re-appreciate the same, cannot reach a different conclusion in the absence of perversity and it cannot also decide that the finding of the learned Judge has error in the absence of material facts ought to be produced and hence prays for dismissal of this appeal with costs.

11. This Court paid its best attention, considered the rival submissions and also perused the materials placed before it.

12. The question arises for consideration in this appeal is whether the order of the learned Judge in granting injunction in favour of the respondent/plaintiff can said to be perverse on the basis of no evidence? It is the case of the plaintiff that they are carrying on distributorship business of various other foods products such as Diabliss Sugar, Diabliss Herbal Lemon Tea, Diabliss mixed fruit jam etc., ever since June 2015 and it also created the artistic design by engaging the services of M/s.Fifth Estate Communications Pvt. Ltd., Chennai-600 086. It is not in dispute that the the distributorship agreement dated 10.10.2016 was entered into between the plaintiff and first defendant for

distribution on exclusive basis to sell and offer for sale the products of the plaintiff in the State of Punjab, Jammu and Kashmir, Himachal Pradesh, Gujarat and Assam. As per the agreement, there were mutual obligations to be performed by both parties and the plaintiff is under an obligation to provide training and technical support to the first defendant and the first defendant was also under the obligation to promote the products of the plaintiff and market the same and to render accounts. It is relevant to extract Clause 8 of the agreement dated 10.10.2016 and emphasis was applied on Clause 8.3 of the said agreement :

"8. Company's Confidential Information and Rights :-

8.1 The Distributor acknowledges that it will acquire information and materials from the company and knowledge about the technology, business, organization, products, strategies, customers, and suppliers of the Company and that all such knowledge, information and materials acquired and the existence, terms and conditions of this agreement are and will be trade secrets and confidential and proprietary information of the Company (collectively "Confidential Information"), whether owned by the Company or licensed by the Company from third parties, are subject to a valuable proprietary interest of the Company and that the Distributor is under an obligation to maintain the secrecy of such Confidential Information.

8.2 Without limiting the generality of the foregoing obligations, the Distributor agrees that for the term of this agreement and thereafter, until such time as the Confidential Information is in the public domain, the Distributor will :

- (i) not disclose, publish or disseminate any confidential information to any third party without the prior written approval of the Company except to its employees with a "need to know" who have executed an agreement with the Distributor to comply the non disclosure and non use obligations of this Section 9.
- (ii) not use any Confidential Information for any other purpose other than to perform the obligations of this agreement.

(iii) treat all Confidential Information in a secret manner, including placing appropriate restricted marking and legends on the Confidential Information and maintain such written information in a secure storage facility.

(iv) Not make use of Confidential Information unless or except in accordance to the procedures established by law enforced in the State.

8.3 During the term of this agreement, the Distributor is granted limited licence to use the Company trademarks for the products in connection with the Distributor advertisement, promotion and distribution of the products in the territory with prior written permission of the Company. The Distributor acknowledges that the Company owns and retains all trademarks, copyrights and other proprietary rights in the products and agrees that it will not at any time during or after the termination of this agreement, seek to register any trademark, trade name, copyright or other proprietary right or assert or claim any interest in or take any action which may adversely affect the validity or enforceability of any trademark, trade name, trade secret, or copyright belonging to or licensed to the Company.

8.4 The Distributor agrees to use reasonable efforts to protect the Company's proprietary rights and to cooperate in the Company's efforts to protect its proprietary rights. The Distributor agrees to notify the Company of any known or suspected breach of the Company's proprietary rights and to cooperate with the Company without making any charge therefore in any action by the Company to investigate or remedy an infringement of such rights.

8.5 Neither the Distributor nor its employees and agents, will alter any of the products or remove, alter, obliterate or mark any notice or legend of the Company's copyrights, trademarks of trade secrets."

13. The veracity of the artistic design and engagement of M/s. Fifth Estate Communications Pvt. Ltd., for creation of artistic design has been seriously disputed, the plaintiff had also filed additional documents i.e., the agreement dated

01.4.2015 entered into between M/s.Fifth Estate Communications Pvt. Ltd., and the plaintiff with respect to developing advertising materials and art works, and also the print outs of the power point presentation of the artistic works given to the plaintiff and that apart, the email communication dated 01.07.2015, prior to the distributorship agreement dated 10.10.2016 was also filed along with the invoice dated 15.9.2015 evidencing printing of 4 lakhs pamphlets of Diabliss. The appellants/defendants have also produced the No Objection Certificate dated 12.03.2018 issued by Rajinder Singh to the defendants 1 and 2 and also the affidavit of original work issued by Rajinder Singh dated 12.03.2018. The learned Judge has pointed out that both the documents were dated 12.03.2018, which relate to the creation of the artistic design in May, 2015 and also recorded a finding that those documents are not contemporaneous. It is also pertinent to point out at this juncture that the date of assignment deed dated 11.05.2018 entered between the Ravinder Singh and Davinder Singh, the third defendant and as per Clause 1.3 of the assignment deed, the effective date has been fixed as 04.5.2015, which means that the date of assignment dated 11.05.2018, is to take effect from 04.5.2015 and it was also attested by the Notary Public on 11.05.2018. The email communication from the third defendant to the plaintiff company is on 04.5.2015, and this was the date that was mentioned in column Clause 1.3 "Effective Date" in the assignment deed.

14. A perusal of the email would disclose that it was sent by Davinder Singh, third appellant. It is very relevant to point out at this juncture that as per the Clause 8.3 of the distributorship agreement dated 10.10.2016, which has been extracted in the above said paragraph, wherein it states that the distributor, namely the first defendant acknowledges that the Company owns and retains all trademarks, copyrights and other proprietary rights in the products and agrees that it will not at any time during or after the termination of this agreement, seek to register any trademark, trade name, copyright or other proprietary right or assert or claim any interest in or take any action which may adversely affect the validity or enforceability of any trademark, trade name, trade secret, or copyright belonging to or licensed to the Company. Hence, it is clear that the first appellant is very well aware of Clause 8.3 of the distributorship agreement including the alleged right of the plaintiff in respect of the food products marketed under the name "Diabliss" and the first appellant being the distributor of the plaintiff's products, he also has the knowledge of the packing pouches and the artistic design of the plaintiff, and inspite of which, the appellants got the registration of similar design as their trade mark on 19.04.2018 to market their products from 26.10.2017. The said act of the defendants, especially the

third defendant, in the light of the above stated materials facts and inspite of being aware of the artistic design of the plaintiff products through the distributor/dealership agreement dated 10.10.2016, prima facie does not appears to be bonafide.

15. The learned counsel appearing for the appellants in support of his contentions has placed reliance on the judgment of this Court dated 26.02.2008 in Lalgudi G.Jayaraman Vs. Cleveland Cultural Alliance in O.A.No.1370 of 2007 & etc., batch [MANU/TN/2297/2008]. In the considered opinion of this Court, the said judgment does not lay down the proposition that, artistic design cannot be created by engaging the services of the third parties and it is relevant to extract the following paragraphs of the said judgment:

42. Mr.P.S.Raman, learned Senior Counsel then relied upon another passage from the same book relating to "Commissioned Works". The passage reads as follows- "Commissioned Works: An author may create a work at the instance of another person for valuable consideration. Examples are a person writing a report on a subject for a company, a composer composing a song for a film company, or a photographer taking a photo at the instance of another person or a painter drawing a portrait at the request of another person, all for valuable consideration. In such cases, in the absence of any agreement to the contrary, the person at whose instance the work is made is the owner of the copyright in the work. Equitable right in commissioned work: Where a person accepts a commission to design certain drawings for another person the equitable rights in the copyright passes from the designer to the person who has commissioned the work. Even if the equitable title in the copyright work did not pass to the person who commissioned the work there is an implied licence for him to use the drawings. The passing of equitable title in copyright or or the grant of an implied licence to use a copyright work does not mean that an author had waived his moral rights under the Act". But, the above is of no use to the first defendant. A commissioned work is what is covered by Clause (b) of the proviso to Section 17. The said clause deals with a photograph or a painting or a portrait or an engraving or a cinematographic film. But the case on hand is a ballet, which can at the most come within the meaning of the expression "dramatic work" as defined under Section 2(h). Therefore, it is covered by Clause (a) and not by Clause (b) of the proviso to Section 17. Even if it is not covered by Clause (a), it would be

covered by Clause (c), The payment of "valuable consideration" is not the sine qua non under Clause (a) or (c), but the creation of the work " in the course of employment under a contract of service or apprenticeship' is the sine qua non under Clauses (a) and (c). Therefore, the reference to the passage on the law relating to commissioned work is of no use to the defendants.

43. In fine, I hold that the plaintiffs, who are admittedly the authors of the operatic ballet titled JAYA JAYA DEVI, have a prima-facie case to show that they are the owners of the copyrights therein, in terms of Section 17 of the Copyright Act, 1957. The first defendant could not establish the existence of any contract much less a contract of service with the plaintiffs. The first defendant could not also establish that the work was produced in the course of the employment of the plaintiffs with them. The payment of honorarium and the payment towards reimbursement of expenses, established by the documents filed on the side of the defendants, are not adequate to establish either a contract of service or a course of employment. There is nothing on record to show that the proviso to Section 17 came into operation, so as to confer copyrights on the first defendant. Since the burden of proof to show that the proviso to Section 17 came into operation, is on the first defendant and since the first defendant could not discharge the burden, the prima facie case established by the plaintiffs cannot be dislodged."

16. In the considered opinion of this Court, the said judgment has no relevance to the facts and circumstances of the case on hand for the reason that it was dramatic work and the suit proceedings came to be instituted alleging copyright proceedings and the said reported judgment also pertains to dispensing of the application filed for interim reliefs.

17. A faint attempt is made by the learned counsel appearing for the respondent that by virtue of the registration of the trade mark they are entitled to protection under Section 28 of the Trade Marks Act and by virtue of alleged claim of prior user, the appellants cannot claim any right and as such not entitled to any interim reliefs. Reliance was placed on the decision in Neon Laboratories Limited Vs. Medical Technologies Limited and Others [(2016) 2 SCC 672]. The prior registration and prior user vis-a-vis the provisions of the Trade Marks Act came up for consideration and it is relevant to extract paragraph No.9 of the said judgment :

"9. Section 34 of the Trade Marks Act, 1999 (the Act) deserves reproduction herein :

"34. Saving for vested rights:-Nothings in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in relation to goods or services in relation to which that person or a predecessor-in-title of his has continuously used that trade mark from a date prior-

(a) to the use of the first-mentioned trade mark in relation to those goods or services be the proprietor or a predecessor-in-tile of his; or

(b) to the date of registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor or a predecessor-in-tile of his;

whichever is the earlier, and the Registrar shall not refuse (on such use being proved), to register the second-mentioned trade mark by reason only of the registration of the first-mentioned trade mark."

This section palpably holds that a proprietor of a trade mark does not have the right to prevent the use by another party of an identical or similar mark where that user commenced prior to the user or date of registration of the proprietor. This "first user" rule is a seminal part of the Act. While the case of the respondent-plaintiffs is furthered by the fact that their user commenced prior to that of the appellant-defendant, the entirety of the section needs to be taken into consideration, in that it gives rights to a subsequent user when its user is prior to the user of the proprietor and prior to the date of registration of the proprietor, whichever is earlier. In the facts of the case at hand, the appellant-defendant filed for registration in 1992, six years prior to the commencement of user by the respondent-plaintiffs. The appellant-defendant was, thus, not prevented from restraining the respondent-plaintiffs, use of the similar work PROFOL, but the intention of the section, which is to protect the prior user from the proprietor who is not exercising the user of its mark prima facie appears to be in favour of the respondent-plaintiffs."

18.1 In the light of the said decision, it cannot be contended that by virtue of the registration of the Trade Marks Act, the prior user cannot claim any protection. This Court, on consideration of the documents filed on behalf of both the parties, especially the distributorship agreement dated 10.10.2016, is of the view that the defendants, especially the third appellant was very well aware of the artistic design on the pouches of the plaintiff products, atleast from the year 2016 and has got its registration only on 19.04.2018, with effect from 26.10.2017 and that the said aspect has been taken note of and appreciated by the learned Judge. In so far as the email and the date of assignment deed is concerned, it is also to be noted that the date of assignment came to be executed only on 11.05.2018 between Rajinder Singh and the third appellant and made effective from 04.05.2015, and the said deed of assignment is also subsequent to the distributorship agreement and as per the learned Judge, cursory perusal of both the packages (of the plaintiff and defendants) shows similarity in nature, design, colour, name etc., and further recorded that the defendants must establish a credible chain in the creator and that they did not establish the same.

18.2. It is also a well settled position that the Appellate Court in exercise of its jurisdiction, cannot re-assess the materials to reach a different conclusion from the one already reached by the Court, unless there is any perversity attached to it or the findings are based on no evidence. The learned Judge, on thorough consideration and appreciation of averments made in the affidavits filed in support of the applications filed for interim injunction, vacating the interim injunction, as well as the documents, has rightly reached the conclusion to grant injunction and this Court finds no error apparent on the face of the record or any infirmity in the reasons assigned by the learned Judge in passing the impugned order.

19. In the result, this Original Side Appeals are dismissed, thereby confirming the decretal order dated 11.07.2018 in A.No.4015 of 2018 in C.S.No.302 of 2018 and in O.A.No.480 of 2018 in C.S.No.302 of 2018, passed by this Court. However, considering the circumstances, there is no order as to the costs. Consequently, connected miscellaneous petitions are closed.

Sd/-

Assistant Registrar(CS V)

//True Copy//

Sub Assistant Registrar

To

The Sub Assistant Registrar,
Original Side,
High Court, Madras-104.

+2cc to M/S.A.L.Ganthimathi, Advocate Sr.61991

O.S.A.Nos.360 & 361 of 2018

sv[co]
srg 10/10/2018



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